Current HISTORY

July, 1934 — Price 25 Cents

"REGIMENTATION": A NEW BOGY

By Henry S. Commager

DRAGGING AMERICA INTO WAR

By Edwin M. Borchard

AND

A MONTH'S WORLD HISTORY

THE NEW YORK TIMES COMPANY

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A MONTH'S WORLD HISTORY

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could scarcely have been better. The writers represent the liberal mind which is possible in a great democracy. They can hardly be in sympathy with "the trend toward dictatorship" which they describe. But it has been their aim to maintain the standard of possible impartiality which is held to be essential to an encyclopedia or other work of reference. The very restraint of the writing emphasizes the significance of a challenging panorama of political reaction. P. W. W.

Novelists as Travelers

IN ALL COUNTRIES. By John Dos Passos. New York: Harcourt, Brace & Co. 1934. [illegible]

BEYOND THE MEXIQUE BAY. By Aldous Huxley. New York: Harper & Brothers. 1934. [illegible]

THE conjunction of planets, says the astrologer, is of import to the world. May anything be expected from a topical conjunction of minds, from the fact that two leading novelists writing in English have almost simultaneously published books of travel? Quite definitely, it would seem. Little matter that Dos Passos covers many regions, Huxley Central America alone; in writing of his far countries each reveals his capabilities and his interests. Dos Passos is the excellent journalist, the maker of hard, pungent, [illegible]-moving phrases, the traveler who through Marxian spectacles views the struggle of classes in Russia, Mexico, Spain and the United States. He is [illegible] almost breathless. Huxley, on the other hand, is the leisurely traveler, the more cynical, the more discursive. He voyages not to find but to seek; he reacts not to the political and economic alone but to the anthropological, cultural, religious. He will pause in a description of Guatemala to inveigh against the [illegible] of the *Encyclopaedia Britannica* and break his tale of Mahattan to discuss Stuart Chase. Each in his own manner, Dos Passos and Huxley have written brilliantly before and are brilliant here. R. T.

Other Recent Books

RECOVERY AND COMMON SENSE. By O. M. W. Sprague. [illegible] New York: Houghton Mifflin Company. [illegible]

Professor Sprague gives what may be regarded as the conservative economist's view of our economic problems and especially of those affecting currency.

FOREIGN RELATIONS IN BRITISH LABOUR POLITICS. [illegible] *of Party Attitudes on Foreign* [illegible] *the Formation of Political Programs* [illegible] 1900-1924. [illegible] Cambridge: Harvard University Press. [illegible]

A thorough study of an important factor in British politics.

DISSOLUTION OF THE SCOTTISH PARLIAMENT, 1832-[illegible] New York: Columbia University Press. [illegible]

A not too profound dissertation though of some value for the facts assembled.

[illegible] *DIPLOMACY,* 1789-1801. By [illegible]

An unusually able monograph based on researches in [illegible] French and Spanish archives in addition to those in America. Professor Lyon's mastery of his subject is so great that he has been able to use his vast store of facts as a good historian should—as the substructure for a lively narrative and a thoughtful interpretation.

THE WORLD COURT, 1921-1934. *A Handbook of the Permanent Court of International Justice.* By Manley O. Hudson. Boston: World Peace Foundation, 1934. $2.50.

This valuable handbook has been brought up to date as of Jan. 1, 1934. For the benefit of those unacquainted with the book, its contents might be outlined as follows. (1) History of the Court, (2) Membership since 1922; (3) Judgments and Orders; (4) Advisory Opinions, (5) Instruments relating to the formation and rules of the Court; (6) Documents relating to the proposed adherence of the United States; (7) Publications of the Court.

INDUSTRIALIZED RUSSIA. By Alcan Hirsch. With preface by Maurice Hindus. New York: Chemical Catalog Company. 1934. $3.

A survey of Soviet Russia's basic industries by a former chief consulting chemical engineer to the Soviet Government. Possibly too optimistic and credulous in the use of official Soviet statistics.

Contents for AUGUST, 1934

A MONTH'S WORLD HISTORY

existing order. Revolution, to paraphrase Mr. Soule, is the result of social evolution, basic changes occur in the ways of conducting affairs; new class alignments appear; "the world of ideas ferments"; divisions arise within the old régime, at length a revolutionary crisis arrives—the ruling classes fail to carry on and the rising classes seek to consolidate the power which they have already achieved. And what has this to do with America? Many trends in American life today fit "the broad historical pattern of social revolution"—a revolutionary situation is developing, though "we are not in the critical period of revolution." Ten, twenty, maybe thirty years hence the crisis will be reached. "After that, who knows what will happen?"

E. F. B.

Darkest Africa

THE AFRICAN TODAY. By Diedrich Westermann. Foreword by Lord Lugard. Published for the International Institute of African Languages and Cultures by the Oxford University Press, 1934. $2.

FOR many years the United States has taken a keen interest in the progress of China, India and Russia. It is the misfortune of Africa that she has no Sun Yat-sen, no Gandhi, no Lenin in whose person her peoples can be envisaged. Africa, swept by a rapid and far-reaching transition due to Western penetration, is thus still to be discovered. It is not with wild cargoes of lions and elephants that Professor Diedrich Westermann is concerned. Nor is his chief anxiety for Africa's material resources. He is one of those missionary statesmen whose gospel includes the whole of life culture, language, economics, tradition and this book, though modest in size, deals with issues that are of supreme importance to the future of the continent. It is a masterly and sympathetic study of the equatorial native what, in a crude term, we call the black, and the survey covers his racial origin, his mentality, his agriculture and industries, his domestic and communal environment; also, the influence of mission and education on his well-being. Professor Westermann displays at its best the faculty of the German mind for trained observation. His work is endorsed by Lord Lugard, who represents the most authoritative traditions of the British colonial service.

P. W. W.

The Problem of Palestine

DE VRIENDT GOES HOME. By Arnold Zweig. Translated by Eric Sutton. New York: The Viking Press, 1933. $2.50.

IT has remained for a brilliant novelist, the author of *The Case of Sergeant Grischa*, to provide the most penetrating interpretation so far made of the problem of Palestine. He has used his most effective medium, the novel, and selected his characters from the amazingly interesting and diverse types who people Palestine today, bringing them to life with consummate skill. Through their words and actions he gives a truer picture of the Palestinian maelstrom of ideals, passions and personalities than can be gained from the thousands of

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be taken as a strictly scientific account of **those recent** events involving the establishment **of the Manchukuoan** empire, and indeed upon **these** the author touches but briefly. For earlier **happenings**, however, it is probably without **equal**, and can be wholeheartedly recommended.

RALPH THOMPSON.

A Biography of Wilhelm II

FABULOUS MONSTER. By J. Daniel Chamier. New York: Longmans, Green & Co., 1934. $3.

THE "Fabulous Monster," a composite of all the inhuman villains of history and mythology, was created by the Frankensteins who directed Allied propaganda during the World War, and is none other than ex-Kaiser Wilhelm II. Even today it is probable that the "man in the street" in the United States, Great Britain and France believes him to be a diseased old madman, or at least an incurable melancholiac. Mr. Chamier, in this good, though not great, biography, assures us that such is not the case and that the soul of William is "unnuanced." The author's purposes are first, the narrative; second, explanation; and lastly, extenuation, but only in so far as he believes the ex-Kaiser to have been the object of palpably unjust criticism. He has drawn upon all the important sources of information about his subject, and his synthesis is at times brilliant. As biography, however, it is somewhat old-style, being overburdened with politics and diplomacy. Yet to most of us those are the most interesting of the ex-Kaiser's activities. This is not to say that Mr. Chamier does not impart a lifelike quality to Wilhelm II, but that he naturally focuses his study upon the Emperor's conduct and influence during the various periods of crisis. On the whole, the biography is the fairest and best informed that has so far been published about the man and ruler whom, after reading Mr. Chamier's interpretation, we may call the ex-Fabulous *Monster*.

R. L. B.

Two Literary Lives

A BACKWARD GLANCE. By Edith Wharton. New York: D. Appleton-Century Company, Inc., 1934. $3.
GOLDSWORTHY LOWES DICKINSON. By E. M. Forster. New York: Harcourt, Brace & Co., 1934. $3.

ALTHOUGH Edith Wharton and G. Lowes Dickinson probably never met and certainly went separate intellectual ways, they are akin in more respects than one. The American novelist and the late Cambridge don, both born in 1862, early accepted a seclusion which shielded them from the storms of the age and assured their talents a genteel flowering. With Mrs. Wharton the seclusion was social. Her family was of New York's rarest aristocracy, secure in good manners, an unearned income and a villa at Newport. The marvel is that the creative urge was not stifled, as Mrs. Wharton herself admits. With Dickinson the seclusion was academic. Despite Henry

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CURRENT HISTORY

JULY 1934

"Regimentation": A New Bogy

By HENRY S. COMMAGER*

As the Republicans organize for the Fall campaign, it becomes increasingly apparent that there will be a pronounced emphasis on the issue of "regimentation." The positive promise of the full dinner pail having proved illusory, the opponents of the New Deal are preparing to hold over us the threat of the straitjacket. And this straitjacket which, we are assured by Ogden Mills, Colonel Theodore Roosevelt and other semi-official spokesmen of the Republican party, is the symbol of the New Deal, will be both physical and spiritual.

Regimentation, it would appear, threatens both our liberties and our prosperity; it violates the constitutional rights of the American people, and it smothers business enterprise beneath a blanket of red tape and of codes. The political appeal, as voiced by Colonel Roosevelt and Senator Reed, is on behalf of the Constitution and the Bill of Rights; the economic appeal, as voiced by Mr. Mills and Mr. H. I. Harriman, on behalf of our suffocated industries. Both are happily embraced in the catch-all of regimentation.

It is a mouth-filling word, "regimentation," less shop-worn than "socialism" or "bolshevism," more ominous than "regulation," with militaristic connotations that mere "standardization" could never achieve, and with that admirable ambiguity which is the delight of demagogues. From all sides the horrid word is dinned into a public uncertain and fearful. It falls impressively from the trembling lips of orators; it thunders forth from the editorials of our most dignified newspapers; it leers at us from cartoons. Conservatives everywhere have discovered a new tenderness for the rights and liberties of the common man. With "liberty" and "individualism" inscribed on their banners, they are rallying to the defense of farmers not allowed to grow unlimited cotton, of tailors not allowed to pay starvation wages, of women not permitted

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to turn their homes into sweatshops.

What precisely is this "regimentation" that hovers so menacingly on the national horizon? The champions of individualism seldom condescend to a bill of particulars. But the NRA, we are told, and the AAA, the Tennessee Valley project and the Securities Act, and the vast governmental machines which administer those policies, threaten the foundations of American business enterprise and of the Constitution. The New Deal, asserted Colonel Roosevelt recently, has become "an undisciplined autocracy under which Americans will be regimented by a vast bureaucracy." And Nicholas Roosevelt warns us with equal indefiniteness that "the voters know that the denials of the Tugwells, Berles and other brain trusters that regimentation is in the offing are contradicted by the facts."

Yet vague as these warnings are, it is not difficult to understand their animus. It may readily be admitted that the avowed purpose of a considerable part of the Roosevelt legislation is to regiment certain heretofore irresponsible industries and anarchistic business practices. This is another way of saying that the purpose of this legislation is to bring some order out of industrial, financial, and agricultural chaos. Thus the Securities Act, dealing with one of the most irresponsible of our economic institutions, proposes a regulation so severe that the unethical practices of the past will be outlawed. The Bankhead Cotton Control Act, limiting cotton production to 10,000,000 bales, goes considerably beyond anything heretofore attempted by governmental action in time of peace in the regimentation of the most individualistic of industries—agriculture. The Pure Food and Drugs Bill, as originally designed, proposed a regimentation of advertising of certain products as rigid as truth itself. It is these things which have perturbed the defenders of American liberties and of individualism.

Let us look somewhat more closely than do the critics of the New Deal into this matter of regimentation, and into its relation to liberty. To regiment, according to the dictionary, is "to bring into some definite order or system; to organize and systematize." It is at once apparent that, in this sense, all law is regimentation. It is equally apparent that regimentation is the method of science and of an industrial and business system that purports to be scientific. Innumerable economic studies have revealed the extent to which industrial efficiency requires the regimentation of the machinery of production—particularly of labor—and of management, and there is something faintly ironic about the alarmed outcry of business leaders against governmental regulation.

Industry has embraced regimentation not only in manufacture, but in its own organization. The corporation, the trust, the holding company, are all devices for the regimentation of over-individualistic industries. Labor, too, has found organization unavoidable if the rights and liberties of laborers are to be protected, and the labor union is essentially a form of regimentation. Even agriculture has attempted time and again, through cooperatives, to obtain some degree of regimentary control. But even more impressive than the efforts to introduce regimentation into industry and agriculture is the inevitable regimentation of labor that appears to be the normal concomitant of our economic system.

It would be difficult to imagine any extension of governmental control over agriculture, for example, which would accentuate the existent regimen-

tation of the life of the tenant farmer of the West or the share-cropper of the South. It would be equally difficult to imagine any additional regimentation of the lives of the workers in the textile mills of the Southern mill villages or the mines of Harlan County, Ky., or the automobile workers of Detroit. These workers and countless others in similar positions have long been accustomed to a surveillance and control over almost every phase of their lives that goes beyond anything presaged by New Deal legislation.

This regimentation of industry and of labor has, for the most part, met with the enthusiastic approval of conservatives. They have found in the gigantic corporations and trusts something typically American and admirable. They have eloquently defended the social advantages of such industrial paternalism as is to be found in the mill villages, and they have invoked the law and the police power to defeat investigation, criticism, or interference. It is, apparently, only when the government steps in and asserts the right to regulate industry and agriculture for the common interest that such regulation becomes "regimentation" and that it becomes odious.

Now wherein does governmental regulation differ from self-regulation? Is there something sacrosanct about voluntary and independent regulation that is wanting when such regulation is superimposed by society, acting through government, which is the instrument of society? Why are gentlemen's agreements, pooling agreements, trusts, cooperatives, labor unions and similar agencies expressions of American individualism and in the American tradition, but codes, enacted by the agents of the people at large, contrary to American tradition and to the spirit of the Constitution, and examples of regimentation? Granting, for the moment, that self-imposed and voluntary regulation is ever even reasonably effective, is there some especial menace in law, or the enforcement of law, which ought to be avoided, as contrary to the American tradition? Or, to state it more tersely, is there a conflict between law and liberty?

This is apparently the theory behind the protest against regimentation and the New Deal—that there is an essential conflict between law and liberty. The case was stated a century and a half ago by Thomas Paine, who has not always been well regarded in polite circles. "Government," he argued, "like dress, is the badge of lost innocence." The justice of the conclusion might readily be admitted; candor would require a confession that in an industrialized and capitalistic State innocence was indeed lost. But what Paine had in mind was the government of kings, and the observation was not original with him. A long line of English and Continental thinkers had explained the origin of government on the same theory that men once lived in a state of nature, and that government arose out of the necessity of protecting the rights of the weak against the strong. This is the thinking of the American Revolution and of the Declaration of Independence.

But the thinkers of that period were realists, painfully aware that man in society had lost his innocence, and determined to erect safeguards, in the way of laws and Constitutions, against the usurpations of foolish and dangerous men. Our contemporary romanticists who demand freedom from regimentary restrictions apparently postulate that in a modern industrial society man can be trusted both to know the right and to do right. But the

assumption that the varied and often conflicting economic interests in society will be motivated by a disinterested anxiety to serve the common good runs counter to the experience of history; the theory that special-interest groups are better able to understand the needs of society than is the government runs counter to common sense. And the philosophy which regards laws and regulations as essentially dangerous to liberty is based on a grave misconception of the history of law and of liberty.

Historically at least, law and liberty are not antagonistic but compatible. Through long centuries Englishmen worked and fought to give legal formulation to liberties, to throw up legal barricades against the usurpation of rights. The philosophy of the American Revolution was to a large extent the philosophy of the Puritan Revolution and of John Locke, and no part of Locke's famous "Second Treatise on Government" had a more compelling significance to Americans than his argument that "liberty of man in society is to have a standing law to live by." Law, as the Fathers of the Constitution—and of the State Constitutions with their Bills of Rights—understood it, was not a limitation but a palladium of rights. But Americans were not satisfied with giving mere statutory formulation to rights, for they knew that laws that could be repealed or ignored afforded no sure guarantee of liberties.

It was one of the supreme achievements of the Revolutionary Fathers that they resorted to the device of written constitutional guarantees, and made the Constitution the supreme law. In other words, it was the unique achievement of the Fathers, first, that they systematized rights heretofore vague and uncertain and, second, that they regimented those rights in the written Constitutions. And this process of regimentation was dramatized and emphasized by another unique American institution—the practice of the judicial review of legislation. The function of the courts, of course, is to systematize law, and that systemization is based largely upon precedents. This process of regimentation, common to all courts, has been reinforced in the United States by the establishment of a fundamental law which is itself a binding precedent for judicial interpretation—the Constitutions. Yet he would be a bold critic who would assert that this feature of the American constitutional system has seriously impaired the rights and liberties of Americans. On the contrary, we are accustomed to look upon a "standing law to live by" as one of the surest guarantees of our liberties. This is precisely the point of view of the critics of President Roosevelt's policies; what the critics fail to understand is that the weapon with which they attempt to belabor regimentation is itself a weapon of regimentation.

Nor can we arrive at any other conclusion if we examine the history of governmental regulation in the United States. From the beginning of our history the States asserted and vindicated the right of society to regulate such matters as toll charges on ferries, canals and turnpikes, the conditions of charters and franchises to business companies, the conditions under which men could own and dispose of their property, the health and morals of society. As long as the United States was predominantly agrarian, governmental regulation of business was casual and slight. With the coming of the modern industrial era it became increasingly obvious that the State had to step in and protect the interest of society against in-

dividual and corporate aggrandizement. The result is too familiar to justify extended remark.

Despite the limitations of the Fifth and Fourteenth Amendments and the *laissez-faire* philosophy, Federal and State governments accepted the responsibility of regulating almost every phase of our economic life. In fact, though not entirely in theory, American governments have abandoned *laissez-faire,* but the abandonment, as Walter Lippman has recently remarked, has been piecemeal and marginal rather than thoroughgoing and planned.

The point is that this regimentation, far from constituting a threat to or a violation of rights and liberties, has preserved those rights and liberties from destruction. There is no basis in the history of this country for the belief that the exercise of governmental authority over the details of economic and social life constitutes a menace to liberties. There is overwhelming evidence to the effect that without such regimentation those liberties would indeed become obsolete shibboleths.

But what guarantee is there that regimentation, even if inspired by the best of motives, will not, in fact, become tyrannical; that administration will not develop into a bureaucracy; that the government will be equally considerate of all interests, minority as well as majority, business as well as labor, finance as well as agriculture? Was it not, actually, against governmental usurpations and tyrannies that the Fathers erected constitutional barriers?

It must be admitted at once that to the generation which fought the Revolution and established the Constitution, the moral of history was that governments were not to be trusted. The result was that when Americans came to establish their own government, they gave concrete expression to their fears and their theories in a manner entirely natural but quite paradoxical. On the one hand, they set up governments that rested upon popular foundations, governments that were actually created by the people from below, and not from above. On the other hand, deeply convinced that governments were dangerous, they devised a complicated series of checks and balances and reservations in order that governments might not usurp powers. The fact is, as John Jay sagely observed, "it took time to change subjects into citizens." Americans established governments that belonged to the people, but the full implications of this revolutionary change were not immediately realized.

Not until fully a generation after the Revolution did men realize that if the government was, in fact, created by the people and responsive to popular opinion, it was not to be feared but to be trusted. Yet the fear of government, inherited from the pre-Revolutionary struggle and eloquently expressed in the literature of that controversy, lingered on as a curious archaism in American psychology. It is the basis of that persistent misconception that there is some profound difference between the democracy of Jefferson and of Wilson, because Jefferson desired a minimum of governmental activity while Wilson demanded governmental regulation of large areas of our economic life. It is the basis of the present appeal of fearful individualists to the Constitution and the Bill of Rights against the "regimentation" of the New Deal.

It is obvious, of course, even to a superficial observer, that society does need protection, not only of a negative but of a positive character, against those special-interest groups which

from the beginning of our history have sought aggrandizement at national expense. It should be equally obvious that the proper agents of society are not those same special-interest groups, acting independently, but government. The government is the proper agent because it represents the whole people and all interests, because it is responsive to and answerable to public opinion, and because it is in better command of the technique of gathering information and applying remedies than are private organizations. In our complicated capitalistic economy, as Mr. Lippmann has observed, collective regimentation is not only advisable but inevitable.

This inevitability of collective regimentation has been dramatically called to our attention by Clarence Darrow in his supplementary report on the National Recovery Act. "The choice," Mr. Darrow concluded, "is between monopoly sustained by government * * * and a planned economy, which demands socialized ownership and control, since only by collective ownership can the inevitable conflict of separately owned units for the market be eliminated in favor of planned production." We need not adopt the terminology of socialism in order to recognize the pertinence of Mr. Darrow's observation, nor need we rely upon the somewhat inadequate evidence which he submits to sustain his position. A half century of experience with trusts, railroads, tariff lobbies and banks should have established the familiar fact that either government must control business or business will control the government.

President Wilson stated the case with characteristic clarity two decades ago: "The firm basis of government is justice, not pity. There can be no equality of opportunity, the first essential of justice in the body politic, if men and women and children be not shielded in their lives, their very vitality, from the consequences of great industrial and social processes which they cannot alter, control, or singly cope with. Society must see to it that it does not itself crush or damage its own constituent parts. The first duty of law is to keep sound the society it serves."

It is perhaps not without significance that the work of regimentation has been carried through in this country by the most progressive of our Presidents—Theodore Roosevelt, Woodrow Wilson and Franklin Roosevelt. It is equally significant that it is the progressive elements in both major parties that have most persistently championed such regimentation, and that it has been the liberal element in the Supreme Court that has most stanchly upheld the exercise of the police power of the State to regiment industry on behalf of society.

Whether our approach is historical, pragmatic or moral, we are led irresistibly to the conclusion that it is *law* that makes men free. And this great truth is even more impressive if we regard the experience of society in dealing with problems of morals, religion, education, law, the arts or any of the other manifestations of the human spirit. In order to establish and maintain an ordered society, in order to triumph over moral, intellectual and social anarchy, mankind has established myriad regimentations, and these regimentations, whether they are known as discipline, standards, dogma, custom, law, have made for freedom.

The church, with its dogma and ceremonies, is a regimentation of religion. Law is a regimentation of morals. The whole complex of our school system, with its curricula and its

requirements, is regimentation. In the realm of science regimentation rules in the laboratory and provides the necessary basis for hypotheses and experimentation; in the hospital it provides the routine that guards against error and death. In music and art, genius builds upon the firm basis of disciplined regimentation, not in defiance of it.

In every case these regulations or regimentations extend to details, and have behind them effective sanctions. The sanctions may be of tradition, of custom, of good form, of professional standards, of sportsmanship, or of force, but they are rigorously applied and observed. Nor are they ordinarily regarded as invasions of individualism or of true freedom.

By common consent, then, we have resorted to regimentation in order to provide that security against anarchy and confusion which is the necessary foundation of freedom. Civilization itself has been largely a process of building up, through long centuries, those standards and disciplines by which society governs itself—largely a process of regimentation.

There is, of course, the ever-present danger that some, less wise than others, will come to regard the rules and standards as ends in themselves rather than as means toward the ultimate end of liberating human talents for the discovery of truth. There are always those who regard the letter of the law as more important than its spirit; there are lawyers who prefer precedent to justice; clergymen who substitute ceremony for faith; scholars who confuse method with truth; pedants who become slaves to routine.

So, too, in government there is the danger that regulation will become an end in itself, that administrative agencies will become bureaucracies chiefly concerned with maintaining themselves. This danger is not unique to governmental regulation or agencies; it is present in the whole of our complicated and mechanized industrial society. But where such tendencies develop in government, there is recourse for the citizen in politics or through the regular channels of the courts.

To contrast "regimentation," then, with "liberty" is merely to obfuscate the issue. Regimentation is orderly systematization; it is the legitimate method of the modern industrialized State in dealing with problems which individuals and groups of individuals are powerless to control. It must be developed and controlled by the State, because the State is the only agent which represents the totality of the nation and represents it wisely. It is thoroughly in the American tradition, and by no means incompatible with the doctrines of the Revolutionary Fathers or the traditions of Anglo-Saxon political principles. It is the method of law, and law is the foundation, not the negation, of liberty.

Experience proves that the real danger to our liberties has come not from the governments, but from lawless and irresponsible privileged groups who will not discipline themselves and who must be forced to submit to collective regimentation. It is to be hoped that the American people will not be misled by the cry of "liberty" where there is no liberty, or deluded by the ancient shibboleth of individualism. It is to be hoped that they will find again, as they have found in the past, that democracy, liberty and substantial justice will be achieved through law and the government.

Dragging America Into War

By EDWIN M. BORCHARD*

GENERAL fear of another great war has been awakened by the gradual disintegration of the Disarmament Conference, called ostensibly to redeem the vague pledge of the covenant of the League of Nations substantially to reduce European armaments. The fear is not unjustified. The cause lies partly in armaments and the hypocrisy of the conference; but it lies mainly in the political conditions created by and nurtured under the unwise treaties which closed the World War. It lies also in the collapse of the hopeful structure, founded on ambiguous phrases, which was erected in 1919 to preserve the status quo achieved at Versailles.

Two groups, inspired by divergent motives, were responsible for the creation of that structure: (1) Those who desired to preserve by military force the territorial and economic outcome of the war; (2) those who desired, by cooperation and, if necessary, by sanctions, to prevent the outbreak of a new war. The "idealism" aroused by the second group was abducted by the first, to serve its purpose. Thus, the desire to maintain the status quo was identified with peaceful proclivities, whereas the desire to change it was identified with warlike intentions. It was provided that if any nation resorted to "war" to solve its difficulties (except to enforce the peace treaties), the others would convene to denounce it as an "aggressor" and take joint action to bring it to heel. Peace as an ideal and the status quo as a fact were indissolubly welded.

It ought to be evident that such a program was quite inconsistent with any plan to limit armaments. The status created was one of war, made by war and sustainable only by force and a threat of further war. It did not correspond to natural conditions. For a time the rapprochement between Briand and Stresemann raised hopes that the political disease would be treated at its source. But Briand's successors were not so minded, and preferred to rely upon military alliances, the sanctions of the League against "aggressors," and a permanent military superiority. M. Daladier, one of the more reasonable of the French statesmen and not an advocate of the "preventive war," in a recent speech is reported to have asserted that the "French military superiority over Germany must be guaranteed by all the signatories of [any disarmament] pact" that may be signed.

By saddling the League of Nations with the sanctions of Articles 10 and 16 of the covenant the greatest disservice is done to the League, which has many useful functions to perform, and to the cause of peace itself. The various results of this may be set out as follows:

1. A refusal to consider seriously the necessity of reconciliation as the indispensable foundation to peace, for when united force will sustain the status quo, amicable relations seem

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less important; we have had a specious truce, but no peace.

2. The mind of the world has remained fixed on force and war, for sanctions among the nations still relatively independent do not awaken pacific reflections.

3. There has been a huge growth of armaments, for, as Stanley Baldwin said on May 18, "there is no such thing as a workable sanction which does not mean war. If we adopt sanctions we must prepare for war."

4. Although it sounds simple to pick an "aggressor," this is a matter on which historical opinions after years of research frequently disagree, let alone governments and peoples, moved by the excitement and self-interest of the moment when required to make an immediate decision. The very fear that united force may operate against a single nation will afford a powerful incentive against any disarmament, for every country will feel itself obliged to prepare to meet the simultaneous opposition of many nations. It will be a new incentive to alliances. No nation can tell when its political position will arouse enmities which expose it to denunciation as an "aggressor." Moreover, the conception of "aggressor" in a dynamic, unsettled and ever-changing world seems essentially puerile as a criterion of practical administration, for it ignores the underlying facts which condition international relations, although there is no reason to deprecate non-aggression or other pacts between neighboring countries which will relieve tensions and stresses. It is interesting to note that the Pan-American non-aggression pact strictly prohibits "intervention either diplomatic or armed" by the "neutrals."

5. The very possibility of sanctions, even economic, offers a profound stimulus to autarchy, or national self-sufficiency, and nationalism, for one must be prepared to live alone against a boycott; thus, the policy is directly opposed to the free exchange of goods.

6. Sanctions are an incentive to imperialism and the control of other countries, for national self-preservation is made more precarious by the threat of united opposition; thus, a boycott against Japan would have done more than anything else to impel her to capture the resources of China, and so fight off a hostile world.

7. The peace treaties have perpetuated the blood feud in Europe, for they tend to produce a permanent classification of "good" and "bad" nations, with the "good" nations in control of affairs and the "bad" in a permanent state of revolt against what they consider a conspiracy of injustice. This, in the case of Germany, has already produced a neurosis which has put a once constructive people into the hands of psychopathic provincials who symbolize for the world a tragic result of the international mismanagement of Europe.

8. The peace treaties have been ruinous to the psychology of equality, liberalism, fraternity and emancipation, for they intensify the primitive passions of men to maintain supremacy over others as an alternative to subjection, and thus make for war.

No wonder Henry L. Stimson could remark in his lecture at Princeton on April 9 that the hopes of the world formulated in 1919 had "turned to ashes." What other result could have been expected from a scheme that had no roots whatever in history or human experience but flew directly in the face of elementary psychology, economic principles, and the hard political facts of Versailles? It seems a pity that the emotions of so many good people, among the best we have, should have been enlisted in support

of schemes that had no chance of success and that perpetuated the very evils they hoped to eradicate.

This preliminary survey of the effects of the past fifteen years of misguided and thinly veiled hostilities is necessary to a discussion of the efforts to drag the United States into responsibility for the maintenance of the system set up at Versailles. For sheer persistence, the campaign is worthy of admiration; but for unequivocal danger to the United States, nothing can equal it.

Those efforts are not new. The Allied governments in 1917, after an immense propaganda, the like of which had never been seen before, finally succeeded in dragging the United States into a European war it did not understand. The American people had, by the very confusion of voices and daily subjection to fanciful pictures of the peace-loving belligerents on the one side and the war-loving belligerents on the other, lost that alertness to the purposes of European diplomacy which characterized the early statesmen of this country. Herbert Agar, a well-informed American student of the subject, remarked in the *Nineteenth Century* (London) for January, 1933, that "during the war the astonishingly efficient British propaganda service convinced the Americans of some of the most bizarre fairy tales which ever have been devised. To this day most of the population has not recovered from the alleged information which it then 'swallowed whole.'" Sir Gilbert Parker (*Harper's*, March, 1918) mentions the army of British propagandists who worked on the American people for two and a half years and saw those people "strip themselves of * * * the dangerous and insidious security of peace."

There is no occasion for resentment against the propagandists or those who paid them; when a gullible people are taken in, they have only themselves to blame. Naturally, the propaganda was immensely aided by the ineptitude, if not stupidity, of the Central Powers, by the financial interests that began to be identified with Allied success, and by the unneutrality that began to permeate the Wilson administration.

When, in February, 1916, the United States Government began to become officially unneutral, as shown by the tentative promise of Colonel E. M. House that if the Germans did not accept certain Allied terms the United States would join the Allies—a committal only slightly relieved by President Wilson's interpolation of the word "probably"—the influence of the United States as an impartial mediator waned and the opportunity to secure a recognition of the time-honored rules of international law and the high privilege and vital necessity of remaining neutral in the European struggle rapidly vanished.

Although President Wilson desired, as I shall always believe, to keep the American people out of war, he undertook and sanctioned acts which made such an outcome all but impossible. Secretary Bryan realized the direction affairs were taking as early as 1915, when he resigned. Nor was President Wilson well served by his Ambassadors, who helped to undo him. But when the unneutrality had its natural result, President Wilson, finding it necessary to clothe the enterprise in words of high endeavor, infused the Allied cause with the inspiration of a holy crusade.

The sorry end of the adventure for democracy and for peace was predictable. The Allies quite naturally were fighting for the secret treaties, whereas the United States thought it

was fighting for the Fourteen Points and democracy; but no agreement had been reached as to which would prevail. The result is all too well known. When the United States had spent its $50,000,000,000 and its lives and well-being on the foreign war, the European belligerents relieved the United States of all important responsibility for the writing of the treaties. The League covenant was a concession to the United States, which some of the Allies at first resented but then appropriated to their purposes, although, if purged of its war-making clauses, it possibly might yet redeem some of the hopes of those who supported it as an instrument of peace. The "freedom of the seas," the Second Point and the ostensible legal ground for American intervention, was scotched by the British Government before the Peace Conference opened.

That defeat gave rise to President Wilson's unfounded and rationalized discovery that "neutrality is a thing of the past," for under the theory of the scheme of sanctions, whenever any nation goes to war all the world must go to war; hence there is no longer any place for neutrality. If that were true, small nations would gradually be wiped out. But the theory has produced among the devotees of sanctions widespread opposition to the rules of international law, so that the new scheme for the regeneration of the world is rooted in essential lawlessness—hardly a promising way out of "anarchy."

The United States Senate did not refuse to ratify the Treaty of Versailles because of its harshness but because of the commitments of Articles 10 and 16, which, if put into operation, do mean war. Fortunately, they have not been put into effect, although their spirit has permeated most of the "peace" plans; for Europe has never relented in its efforts to draw the United States into a guarantee of the status quo.

After the repudiation of President Wilson's promise in association with Great Britain to guarantee France, the effort to inveigle the United States into armed support of the "peace-loving" nations of Europe took other forms—all calculated to break down American neutrality toward European belligerents and to help overwhelm the declared "aggressor."

Hope of American armed intervention having been ostensibly abandoned, a steady propaganda was then begun to draw the United States into commitments not to trade with the "aggressor." It was argued that the "peace-loving" nations were disabled from enforcing peace, because they could not boycott an "aggressor" successfully if the United States would not stop trading with him. In numerous quarters in the United States this explanation was accepted as evidence of peaceful intentions and as a ground for attacking the United States as an obstruction to the world's peace.

The case for intervention has undergone various changes, but not for the better. At first it was proposed that American commitment be conditional upon the unanimous agreement of the members of the League as to the nation guilty of "aggression," but the later versions of the plan, advanced by Norman H. Davis at Geneva, make unanimity or even the League no longer a requisite, but only the agreement of "the States in conference." How many "States in conference" are required, deponent saith not, but possibly the "peace-loving" nations will suffice. Thus, we promise an open alliance. It is to the credit of President Coolidge that he never succumbed to these blandishments. But

since the Kellogg pact of 1928 the campaign for American intervention in Europe has been renewed with augmented vigor.

This was brought about partly by the Kellogg pact itself and partly through other influences. The original French purpose to secure an American alliance, although turned by Secretary Kellogg into a multilateral agreement, was so reframed by its European architects as to renounce all wars of offense, but to legalize all wars of defense and certain other wars that the late belligerents might feel obliged to fight in various parts of the world. Each belligerent was to determine for himself whether his war was "defensive." Only certain suppositifious, but no actual, wars were thus outlawed.

Yet inasmuch as the "cooperating" machinery remained largely in the hands of the "peace-loving" nations, they would naturally have a preponderant voice in determining who was the "aggressor." Against him, the peace-lovers would struggle under the Covenant of the League, whereas the United States would struggle against him under the Kellogg pact. This was the practical outcome of the great scheme for the reform of the world, as honest Briand openly admitted. The United States had been drawn into the commitments of the League of Nations; the other countries had signed nothing to which they were not already committed.

Then began the campaign to put "teeth" in the pact, induced by the psychology of "sanctions" to "enforce" peace. Although Mr. Kellogg avowed that the pact was to be only a declaration of policy, a self-denying ordinance, this did not satisfy the more ardent believers in "sanctions." But with the gradual recession of the "Locarno spirit" in Europe, the American people manifested a growing indisposition to "bite"; so that for the "teeth" there was substituted a preliminary "consultative pact," proposed in Europe and first officially endorsed by Secretary Stimson at the London Naval Conference of 1930, and then tacked on the disarmament plans at Geneva. We were to "consult" with the principal powers to determine what action was to be taken when any country breached the peace or the disarmament pact. It was assumed by some that this was an innocuous commitment, calculated to satisfy the demands of American peace-lovers who considered that the United States was lagging behind the late European belligerents in its sacrifices for peace. So plausible did the "consultative pact" sound that both political parties endorsed it.

But as John Bassett Moore has convincingly shown in "An Appeal to Reason," in *Foreign Affairs* for July, 1933, a "consultative pact" must be understood in the light of its environment and subject-matter. When the United States "consults" with the controllers of Europe as to how to maintain the "peace" and to agree on what should be done respecting threatened or actual breach of peace—"to determine which party or parties to the dispute are to be held responsible" —it is not a platonic engagement which is contemplated, but action, definite and decisive. The fact that this did not instantly occur to the American people is a cause for alarm.

It was a "consultative pact" of 1904, then called an "Entente," which tied Great Britain to the chariot wheels of French policy in 1914. The new term had simply not then come into fashion.

The "consultative pact" has continued to exert a certain fascination for those who would commit the

United States to the vicissitudes of European politics. Norman H. Davis, as American Ambassador at Large, announced at Geneva in May, 1933, a policy which has recently been re-emphasized, as follows: "We are willing to consult other States in case of a threat to peace with a view to averting a conflict. Further than that, in the event that the States in conference determine that a State has been guilty of a breach of peace in violation of its international obligations and take measures against a violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which the States may thus make to restore peace."

Under that policy the United States is (1) to consult, (2) to determine, after the "States in conference" have agreed, who is "responsible and guilty" of a breach of the peace, and (3) to refrain from any action tending to defeat such collective effort. As Sir John Simon said on May 18, "nothing can be clearer than that." It is in effect a promise to violate the neutrality of the United States by discriminating against the nation whom the "States in conference" pronounce to be the "violator" of the peace. By such a committal the United States openly invites itself into a foreign war, for the United States cannot be both neutral and unneutral at the same time, or at least for very long. Proponents of the Davis idea apparently entertain the view that there is some twilight zone between neutrality and unneutrality which permits of partiality, that is, unneutrality, without inviting the consequences of unneutrality. But there is no such intermediate status. The assumption that there is involves a fundamental error. It misled the men of 1916. And if "refraining" does not have the desired effect, the disappointment will doubtless be more vigorously expressed.

More recently Mr. Norman Davis, while ostensibly qualifying the commitment, has improved upon the scheme by announcing that the United States, if it determined for itself upon the identity of a violator of the proposed arms pact, would refrain from protecting the trade of its nationals with the "violator." This is just as reprehensible and as legally unsustainable as the wider scheme. The refusal to support our trade with one belligerent is not only a hostile discrimination but entitles the belligerent discriminated against legally and politically to regard us as a declared enemy. Thus, we would begin the proceeding by putting ourselves legally in the wrong. The official boycott, open or disguised, is a hostile and essentially warlike act, not a peaceful measure. No amount of higher motives or peaceful intentions can make it anything else.

A few American newspapers seem disappointed because Ambassador Davis, in his Geneva declaration of May 29, 1934, while reiterating earlier commitments, expressed the unwillingness of the United States to "participate in European political negotiations and settlements" or "use its armed forces for the settlement of any dispute anywhere." They prefer the formula of Soviet Russia, which promises force. But there is no reason for inconsolability. If the Davis commitment of 1933 is adhered to, it will constitute the most effective participation in European political negotiations and will doubtless be duly followed by armed force.

Moreover, the assumption that the United States would retain its independent judgment is likely to prove something of a delusion. When the

European belligerents decide as to who is the "aggressor" or "violator," the pressure on the United States to bring about concurrence may again prove irresistible. At all events, the mere opportunity to influence the decision of the United States, under the Davis formula, will transfer the hysteria of the foreign war to American soil and bring our own people into internecine differences. This was not the least of the reasons why the founders of the country warned the American people against ever becoming entangled in European politics. Rarely have European politics been so perversely confused and volcanic as at the present moment.

The taking-of-sides theory was further exemplified in the proposal for a unilateral arms embargo against a "country" which disturbs the peace,—an embargo which the President was to impose after consultation with such other governments as he might select. This was a further lurch from the path of legality and wisdom, for the inevitable results of such a policy were not generally perceived. Without even the safeguard of a unanimous decision of the League, which is some guarantee against recklessness, the President of the United States was to be authorized to enter into an alliance with any foreign powers he might select, to impose a hostile discriminatory embargo upon a country which had employed "force." This would have been an unconstitutional abdication of the Senatorial power over treaties, would have vested the war-making power in the President, would have violated many treaties of the United States, was contrary to international law and would have imposed on the President, preoccupied with sufficient domestic difficulties, the "pastime of playing with war," as Judge Moore phrased it.

The particular European source of the proposal and the occasion for its application in the Winter of 1933 are still shrouded in mystery. The fact that on its first presentation it passed the Senate without appreciation of its implications is an indication of the dangers to which the United States is continually exposed. When these dangers were pointed out, the Senate reconsidered its position and, after a unanimous report from the Foreign Relations Committee, unanimously adopted the resolution with a fundamental amendment to the effect that the embargo was not to be applied against a single belligerent, but only against both or all belligerents, so as to safeguard American neutrality. The House has not yet repassed the resolution, as amended. The taking-of-sides theory blocks the way. Perhaps it was a disappointment to some that Great Britain and Geneva were unable to pick the "aggressor" in the Chaco war between Paraguay and Bolivia.*

The policy of the Hoover administration toward Japan in the matter of Manchukuo brought the United States dangerously close to hostilities. Here again it was a mechanistic and moral judgment which seemed to control the policy, for American interests were far less affected than those of certain European powers. Mr. Stimson may have sought to enlist the principal members of the League behind his anti-Japanese initiative, but Great Britain and France were not interested, so that the United States was left alone, with the anonymous League, to bear the brunt of Japanese resentment. Great Britain and France evidently have a sound

*With reference to the embargo on the sale of munitions to Bolivia and Paraguay proclaimed by President Roosevelt on May 28, see the article by Professor Nevins elsewhere in this magazine.

reason for their position, which it might be well to try to understand before embarking on quixotic courses.

Unfortunately, the advocates of League sanctions and endowed "peace" organizations again do the League a disservice by associating their resentment against Japan with public demands for boycotts and the expression of other hostile sentiments calculated to arouse the world against Japan. For the United States to take part in such an enterprise would be likely to have as impractical a result as our attempt to restore peace to Europe by war. Already in an uncertain financial condition, we might risk unpredictable consequences at home; but even if the enterprise were successful, at best it would probably result in handing Manchuria to the Russians, thus permitting the whole of Asia to be more easily Bolshevized. It would again immolate the United States for the benefit of foreign countries.

Thus, the danger of war to which the United States is exposed is caused not necessarily by militarists, or even by munition makers, unfortunate as their influence may be, but by a philosophy that believes that the United States can aid in preserving the peace of the world by taking sides with some States against others. A powerful and well-financed propaganda supports this policy. It professes to draw sustenance from the threat that if war breaks out in Europe, we should "inevitably" be drawn in; hence we should join the "peace-loving" nations in "enforcing" peace. It is not possible to tell exactly what will be the future effect of our having entered the last European war, contrary to the profoundest American tradition. That it has weakened the fibre of American independence is quite probable. But have we lost control of our destiny? Are we to be permanently helpless before the seduction of foreign propaganda, using the language of peace to draw us into war? Should not the experience of the last war be a warning rather than an example?

The fact is that the hypothesis and program of enforcing peace by collective sanctions, a purely mental conception, has had to disparage the existing international law, the product of centuries, and the usual processes identified with the growth of law. The glib phrase that any one who violates the "world law" must be dealt with as an outlaw, like Dillinger, draws an unfounded analogy between private law and public law, ignoring the sources and processes of both. We have just had some experience with the regeneration of the American people through the prohibition law, a fact which ought to give pause to those who expect Utopia from paper, and would make war to enforce it.

It has been assumed that the pre-war world was one of "anarchy" which led to the war, and that therefore a new system must be put in its place. If the pre-war period was "anarchy," then the present might look like super-anarchy. The trouble with the pre-war period was not the system of balance of power, which is the one natural and impregnable social force in all groups of human beings, nor the fact that States were "armed" or "competing," but the fact that the ambitions of certain statesmen outran their disposition to maintain the peace. The struggle for the balance of power is also the mother of civil wars, which, even in rigidly organized States, we have found no means permanently to prevent. How can one expect more from the loosely organized family of nations? It was not the system which caused the débâcle, but the shortsightedness of its

managers; and against shortsightedness there is no known antidote other than the awareness of the people and their refusal to be carried to destruction. Even that is not always a guarantee.

If it was the system that was at fault, there is no change in it—except for the worse. Tolerance, good-will, the policy of live and let live, simple human decency—these elementary conditions of peace have suffered immeasurable setbacks. The makers of the Treaty of Vienna of 1815 realized some of these fundamental truths, and resisted the temptation to mutilate France and give her a permanent grievance which would but be a prelude to new wars. Those were statesmen, however subject to criticism some of their arrangements may have been. They acted under a sense of responsibility for the future of Europe.

But if Europe should risk the consequences of another war, the United States, at least, should endeavor to retain its sanity and its nationhood by refusing to enlist in the fratricidal strife. Hardly any goal now apparent could justify the risks to American welfare which belligerency would entail. It therefore becomes necessary to consider what practical steps the United States should take, and preferably in time of peace, to insure its neutrality.

This can best be accomplished by strengthening its neutrality laws and, if possible, by coming to an arrangement with European maritime powers for the restatement of the laws of maritime warfare. In the matter of American legislation, it would be desirable, in addition to the existing neutrality statutes, to authorize the President to embargo the shipment of arms and munitions (to be defined) to both or all the belligerents, and not merely to one or some of them; to prohibit the floating of public loans in the United States on behalf of either belligerent; to prohibit the enlistment of American citizens in foreign armies, not only in the United States, as the law now provides, but also abroad; possibly to prohibit foreign or native representatives of the belligerent powers in the United States from making public appeals for support; to prohibit the entrance into the United States of armed merchant ships or prizes of war; to prohibit the supply of coal or other equipment from American ports to warships at sea; to prohibit to American citizens, and possibly (until title has passed) to American cargoes, if the President deem it necessary, carriage on belligerent merchant vessels.

With foreign nations the effort should be made, as a condition of the debt settlement or otherwise, to restate the law of maritime warfare, as was done by the Declaration of London in 1909, or else to conclude bilateral treaties, as in the seventeenth and eighteenth centuries. Every effort should be made to limit contraband lists, as was done in earlier treaties. It is not so necessary, although desirable, to conclude agreements on blockade or continuous voyage, because existing international law, in spite of the violations of the late war, can be invoked. Visit and search should be redefined. It is not impossible to permit joint certification of cargoes by belligerent and neutral representatives in neutral ports. Unless trade with belligerents, and possibly even trade between neutrals, is to cease or to lead to serious irritation, a new understanding on the law should be reached.

In this connection Great Britain is the principal power seeking to avoid commitments on the observance of law (see Article 3 of the Executive

Agreement of May 19, 1927), and that fact has had much to do with the growth of navies, especially submarines. It seems hardly likely that weaker powers will abandon the effective submarine unless Great Britain will agree to conform to international law. It does not seem possible that Great Britain will always be a belligerent. There are many factors involved in Great Britain's position as an island which might well persuade that country to remain neutral and return to a conventional position approximating that of the Declaration of London. An agreement might avoid the incipient naval rivalry between America and Britain. The Permanent Court of International Justice, should the United States adhere to the statute, might well become also a Prize Court of Appeal.

But in any event, the United States, while defending its right to trade in legitimate commerce, must avoid entanglement in another European war if its future is to be assured. The destructiveness and hence possible shortness of another war in Europe might well aid the policy of neutrality. Plans for a league of neutrals might properly now be laid. What the effect of war in Asia might be, it is not possible to forecast; but that any good can come from American intervention seems equally unlikely.

A return to the traditional principles on which this country was founded, after the demonstration of what departure has involved, would be a boon to the United States and to the world at large. The position has, however, been made more difficult for every nation concerned by the unfortunate type of "so-called peace" treaty, to use President Roosevelt's term, concluded at Versailles and by the unfounded idealization of the supposed "peace machinery" there brought into being. The consequent disparagement of international law has damaged the fabric of international relations and contributed to that intensified nationalism which breeds hostility and conflict. The support of projects to which the harsh facts have refused to yield has weakened the traditional law, now more badly needed than ever. The panaceas have failed and left us with a weakened constitution and a weakened legal resistance to force. It was but little service to peace to try to disavow the law in the name of the new dispensation. It is time to be rid of the psychosis of unreality and to take up again the thread of law which connected the past with the present and will connect the present with the future. There are no short cuts to keep in order so motley a world as this.

It was once the opportunity of the United States to serve itself and the world by promoting the doctrines of neutrality, non-intervention, arbitration, mediation and the recognition of governments in fact. These conservative doctrines helped to bring to the nineteenth century one of the greatest periods of prosperity the world has known. Adventures in international relations, especially when unfortified by experience, bring their own reward. It is now with us. Let us return to the time-tested respect for the law which has at least brought us long periods of peace and permitted some advancement in human affairs.

Russia Warms to the League

By MIRIAM S. FARLEY*

SOVIET Russia stands at the threshold of the League of Nations. Of all the unexpected diplomatic developments of the turbulent post-war period, this is perhaps the most piquantly paradoxical. Is not the League still what Bolshevik spokesmen have described as a "League of capitalists against the nations," a "wasp nest of international intrigue," an "alliance of world bandits against the proletariat"? Does not the Soviet Government remain what a semi-official organ of France, the leader (at least in her own estimation) of the League powers, characterized as "the most abominable régime of oppression and spoliation the world has ever known"? And is it not France that now takes Russia by the hand to usher her within the august portals of Geneva?

The paradox is all the stranger because today the League's prestige is at the lowest point in its histor,. The position of Russia is, indeed, sufficiently serious to warrant a drastic change of policy. On the one side is Japan, flushed with success, covetous of the rich resources of Siberia, and seeking to consolidate her position as mistress of the Far East. On the other side is the Germany of Hitler, who has frequently advocated expansion into the Ukraine and domination of the backward Slav by the martial Aryan. Both Japan and Germany, moreover, are dominated by militarist cliques whose dreams of world empire and antipathy to communism threaten to draw the Soviet Union into war. Yet even so, why, when the experience of China has demonstrated the inability of the League to protect the territorial integrity of its members, should Soviet Russia turn to it for security?

"The Soviet Government," Chicherin wrote to the Secretary General of the League in 1924, "feels that in an epoch such as ours, when the policy of all States is wholly dominated by their separate interests, any attempt to establish a system of international equity and of protection for the weak nations against the strong by means of an international organization is sure to fail. * * * It categorically refuses to cooperate in carrying out plans the execution of which might furnish a weapon to certain States or groups of States for the satisfaction of their separate interests or aggressive designs." Yet now, when events are doing their best to justify Chicherin's cynicism, when nationalistic forces wi hin the League are stronger than ever before, Chicherin's successors in Moscow elect to climb on board the battered bandwagon.

The explanation of this paradox may involve the sacrifice of some illusions about the staying power of both capitalist and Communist varieties of internationalism.

Soviet Russia has never objected to the *aim* of the League of Nations, namely, the maintenance of peace.

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The "Soviet policy of peace," so liberally advertised by Soviet statesmen, has, in fact, been a major feature of their foreign policy. Bolshevism, identifying its interests with those of the toiling masses the world over, upon whom falls the chief burden of modern warfare, is uncompromisingly opposed to all forms of international—that is, "imperialist"—war. There is, moreover, the practical consideration that the national interests of the Soviet Union itself, engaged in the gigantic and delicate task of reconstructing the social system of a continent, make foreign conflict a thing to be dreaded. "Why is the struggle for peace the central object of Soviet policy?" Karl Radek asks in a recent article. "Primarily because the Soviet Union—to use the expression of Lenin—'has everything necessary for the building up of a Socialist society.' * * * The object of the Soviet Government is to save the soil of the first proletariat State from the criminal folly of a new war."

The "Soviet policy of peace" has found expression in two main directions—disarmament and non-aggression treaties. No nation has campaigned more consistently and aggressively for disarmament than has Russia. The sincerity of these efforts has been questioned by the capitalist powers, which are not, however, in a position to throw stones. Soviet advocacy of disarmament has undoubtedly been in part what publicity men call "good-will advertising." Anxious to prove her peaceful disposition to a cynical world, but prevented by Communist doctrine from accepting the viewpoint of Geneva, Russia has found in disarmament a cause which she can whole-heartedly champion.

The first Soviet spokesman to raise his voice at an international conference, speaking at Genoa in 1922, advocated disarmament as a prerequisite to economic reconstruction. No sooner had the Soviet delegates appeared at the Preparatory Commission for the Disarmament Conference, in November, 1927, than they proposed immediate, complete and universal disarmament, including the abolition of all armies, navies and air forces, war departments, war budgets and militaristic education. When this plan was rejected, they offered a second draft treaty, providing for partial, but still drastic, disarmament. This having also been rejected, they announced that, although they regarded total disarmament as the only dependable guarantee of security, they would cooperate in any arrangements, however incomplete, that represented even a slight advance in that direction. Throughout the Preparatory Commission and the Disarmament Conference the Soviet delegates pursued the tactics of the gadfly, continually supporting maximum against minimum measures and periodically pointing to the obvious paucity of the results achieved. Furthermore, in marked contrast to the other great powers, they practically never hampered negotiations by entering reservations or objections based on their own requirements or prejudices.

Realizing, however, that immediate security could not be achieved through disarmament, Soviet diplomats sought more practical means of safeguarding Russian territory against the attack by capitalist nations which they momentarily expected. Patiently, year by year, there has been built up a network of non-aggression treaties which now embraces fourteen nations, including all those bordering on the Soviet Union except China and Japan, and all the great powers of Europe except Great Britain. Russia has repeatedly sought similar treaties with

all other countries, and in particular, but without avail, with Japan.

In contrast to the League method of preventing war by means of a permanent organization based on the principles of arbitration, sanctions and collective responsibility, the Soviet system is frankly temporary, completely decentralized and based on the contrary principles of neutrality and non-aggression. Aggression is defined to include economic boycott and intervention, as well as hostile acts short of war; many excuses commonly invoked to justify such acts are ruled out by the Litvinov formula, which will be discussed presently. Neutrality means neutrality in case of unprovoked attack on the other party. The terms of individual treaties vary, of course, but such are the general outlines.

The question has been raised whether the terms of the Soviet treaties, particularly those relating to boycott and blockade, conflict with the obligations of the League Covenant. What would happen if a State having a non-aggression treaty with Russia were called upon to apply military or economic sanctions against her under Articles 10, 16 and 17, which permit sanctions against a non-member violating the territory of, or resorting to war against, a member of the League? Fear of such an eventuality was in part responsible for the negotiation of the Soviet treaties—not that the Soviet Union intended to commit aggression, but that it feared being drawn into hostilities and pronounced the aggressor by an unfriendly League. Should Russia join the League a different situation might arise in which she herself would be called on to apply sanctions. It seems clear that if the Soviet treaties do not conflict with the Covenant—which the signatories deny on several grounds—they tend to weaken it. But Articles 10 and 16 have already been severely attenuated by interpretation, and the League has so far shown little inclination to impose sanctions upon anybody.

On the other hand, the Soviet treaty network establishes a regional system of security such as the League itself has frequently recommended to strengthen the covenant. It has, to a large extent, done for Eastern Europe what Locarno did for Western Europe. Intentionally or not, the Soviet Union has thus made an important contribution to the machinery of peace.

Despite similarity of aims, Soviet Russia has taken little part in the work of the League of Nations, which was regarded in Moscow as an anti-Soviet institution. Russians do not easily forget that the founders of the League, while setting up the machinery of peace with one hand, were supplying men and munitions to the counter-revolutionary armies in Russia with the other. Soviet relations with the leading League powers, varying from icy correctness to violent hostility, have confirmed this view. Russia made every effort to dissuade Germany from joining the League, fearing that the consolidation of Western powers represented by Locarno was the prelude to an anti-Soviet campaign.

Even in the League's technical and humanitarian activities the Soviet Union has, unlike the United States, taken little part. In the first post-war years there was indeed close cooperation between Soviet health authorities and the League's Health Organization, chiefly to combat epidemics then raging in Eastern Europe. Soviet Russia has attended a few League conferences and adhered to six treaties drawn up under League auspices,

relating to non-controversial matters of minor importance. But for the most part it has fought shy of working with Geneva even in technical fields.

The most notable exception, apart from disarmament, is the economic work of the League. Here the motive has been to improve economic relations with other countries. Soviet representatives attended the World Economic Conferences of 1927 and 1933, as well as several sessions of the Commission on European Union. In 1927 the Soviet delegation enunciated the principle upon which it held relations between Communist and capitalist States should be based. The innate contrast between their two systems, said Obolensky-Ossinsky, "does not imply that these two parties must necessarily come into actual conflict. The Soviet Union at any rate sees no inherent necessity for that. Socialism is not merely a system of economic and national equality; it stands primarily for peace. * * * The fact that dissimilarity exists between two economic systems, which are forced for a given period to exist side by side, by no means precludes the possibility of a practical understanding between them. On the contrary, such an understanding is perfectly feasible." Soviet Russia, in other words, was more interested in trading with capitalist States than in overthrowing them.

Both in 1927 and in 1933 Soviet spokesmen took advantage of the publicity provided by international conferences to explain the successes and stability of their economic system; to point out the potentialities of the Russian market; to protest against measures by other States restricting Soviet participation in their foreign trade; and since 1931 they have urged the conclusion of a general pact of economic non-aggression. This policy of economic cooperation foreshadowed the political cooperation that was to come later. Furthermore, the successes achieved by Soviet diplomats in the lobbies of the London conference may have helped to persuade them of the value of personal contacts at international gatherings.

As for Soviet cooperation in the League's work for the settlement of international disputes, that has, until recently, been unthinkable. So far the League has never had to deal with a major dispute directly involving Russia. There was a slight flurry in 1920, when Persia appealed to the Council against alleged Soviet aggression, but the dispute was speedily ended by direct negotiations between the parties. Again, in 1922, the then independent republic of Georgia, which had been refused membership in the League, sought League aid to escape absorption by Bolshevik Russia, but the League confined itself to mild expressions of sympathy. Another, more protracted, incident occurred in 1922-23, when Finland appealed to the Council on behalf of the Finns in the Soviet province of Eastern Carelia. The Council, after some hedging, requested the World Court for an advisory opinion in spite of Soviet protests; but the court held that it could not pass on the case, since Russia had not submitted to its jurisdiction, thereby establishing an important precedent. The Sino-Russian dispute of 1929 was never referred to the League, largely because China saw that, as Russia was not a member, the League was not likely to take positive action.

Although Russia was not directly involved, the dispute between China and Japan which broke out in September, 1931, challenged the most vital interests of both the League and the Soviet Union. Unfortunately for both, relations between them were not

close enough to permit of cooperation. Soviet interest in Manchuria was first officially brought to the League's notice by the Lytton Commission, which charitably overlooked the Soviet refusal (probably due to a desire not to provoke Japan) to assist its labors by furnishing information. The commission laid down, as a principle fundamental to a satisfactory settlement of the Far Eastern question, consideration for Soviet interests; and its findings were later endorsed by the Assembly. The Assembly's report and the creation of the Committee of Twenty-one were followed by an invitation to Russia (with the United States) to join the committee. The United States accepted the invitation, but the Soviet Union did not, on the ground that it could not expect impartiality from a body more than half of whose members had no diplomatic relations with Moscow.

This refusal, in March, 1933, showed that officially the Soviet attitude toward the League was still aloof. The evolution of Russia's foreign policy, which was to lead her to the League's doorstep, had, however, already begun. Of the new series of non-aggression treaties concluded in 1932-33, by way of insurance against Japanese or German attack, those with France and Poland were the most important. Hitherto hostile to Russia, both countries now shared her apprehension regarding Hitler and were glad to bargain for her neutrality. They also tried to persuade their ally, Rumania, to follow their example; but this attempt having failed, the French and Polish treaties, provisionally agreed on a year or so earlier, were finally concluded respectively on Nov. 29 and Dec. 23, 1932.

The effect of this new alignment of sympathies on Russia's relations with the peace machinery was first clearly indicated at the Disarmament Conference on Feb. 6, 1933, when Litvinov made a statement the historical importance of which seems to have been largely overlooked. He announced that Russia was happy to accept Chapter I of the "French plan" published in November, 1932, which provided for consultation between signatories of the Kellogg Pact in the event of actual or threatened aggression, drastic economic sanctions against the aggressor and the Stimson doctrine of non-recognition. This was not only an abandonment of the traditional Soviet position that disarmament must precede security for the contrary French thesis, but a much longer step in the direction of the covenant than the United States Government has ever been persuaded to take.

Litvinov then offered his definition of aggression, a formula which finds its chief if not its only *raison d'être* in its indispensability to any machinery of consultation and sanctions. Soviet Russia thus made a deliberate contribution to that bourgeois peace machinery for which in earlier days she had had nothing but ridicule.

Litvinov's proposed definition was much more precise than any hitherto adopted. Essentially it defined the aggressor as any State that invaded or otherwise attacked another State, with or without a declaration of war. This was not new; what was new was the assertion that acts otherwise aggressive should not be justified by any considerations whatsoever of a political, economic or strategic nature; for example, the political backwardness of the State attacked, alleged maladministration, possible danger to life or property of foreign residents, or—said the Soviet Commissar — "revolutionary or counter-revolutionary movements, civil war, disorders or strikes." The definition was favorably received,

and with some modifications was adopted by the Security Committee of the Disarmament Conference in its report to the General Commission on May 24, 1933.

In 1924 Chicherin had declared that "the Soviet Government denies the possibility of determining in the case of every international conflict which State is the aggressor and which is the victim * * * and making definite consequences depend upon such decision." Yet in 1934 Litvinov insisted that his formula of definition was merely another step in the unbroken chain of Soviet efforts for peace. In so doing he was following in the footsteps of generations of spokesmen for sovereign States, who have ever been less willing to admit than to execute a volte face. The inconsistency is, in fact, one of method rather than one of purpose.

As definitive adoption by the Disarmament Conference seemed unlikely, Litvinov proceeded to put the formula into effect as between Russia and eleven of her neighbors by three conventions signed during the World Economic Conference in London on July 3, 4 and 5, 1933. By this "Eastern Locarno" the Soviet Union not only added Czechoslovakia, Yugoslavia and, at last, Rumania to its security network, but provided an effective counterblast to current rumors of a Polish-German deal at Russian expense. Furthermore, the London pacts, negotiated with the aid and blessing of France, gave another indication of the new friendship between Soviet Russia and the anti-revisionist bloc. Other indications were the official visits exchanged between Paris, Warsaw and Moscow in 1933-34, the Franco-Russian commercial treaty of January, 1934, the ten-year renewal of the Russo-Polish non-aggression treaty in May, 1934, and the cooperation recently inaugurated between Frencl and Soviet military authorities.

The new Russian attitude towar the problem of peace was authoritatively enunciated by Stalin in an interview with Walter Duranty of *Th New York Times* on Dec. 25, 1933, an a few days later by Litvinov in speech to the All-Union Central Executive Committee on Dec. 29.

"We are now," Litvinov said, "a the point of transition between tw eras. * * * There are * * * bourgeoi States * * * which are interested, fo the immediate future, in the maintenance of peace * * * a fact whic is highly valuable to us. * * * It ma be assumed * * * that in the Leagu of Nations that tendency will wi which is interested in preservin peace. * * * We devote particular attention to the strengthening of relations and maximum rapprochemen with those countries which, like ourselves, furnish proof of their sincer desire to preserve peace. * * * W have never objected, and do not object, to organized international cooperation which aims at strengthenin peace. Not being doctrinaires, we d not refuse to make use of existing o future international combinations an organizations providing we have nov or in the future reason to believe tha they would serve the cause of peace * * * There should be no question o * * * military alliances along the ol lines, but of cooperation for the rightful self-defense of all those who ar not interested in violating peace, s that no one would think of daring t infringe it. The U. S. S. R., for it part, is ready to participate in carrying out this task."

Stalin put the same thing mor bluntly: "If the League is only th tiniest bump * * * somewhat to slov down the drive toward war and hel peace * * * it is not excluded that w

should support the League despite its colossal deficiencies."

This new attitude was echoed in an address by Ambassador Troyanovsky before the American Society of International Law on April 28, in which he urged the need for sanctions against States which seek to take the law into their own hands. The shade of Woodrow Wilson must have been edified by the spectacle of a Bolshevik plenipotentiary persuading an American audience of the wisdom of international organization for peace.

Although few details have been allowed to leak out, it is evident at this writing (June 2) that during the past few months negotiations have been in progress to bring about Soviet Russia's entry into the League. On May 18 Foreign Minister Barthou of France discussed the question with Litvinov at Geneva and on May 28 the official organs *Pravda* and *Izvestia*, breaking their long silence, declared that a number of League powers had moved to invite Russia to join, stressing the fact that the initiative had come from the other side and that the Soviet Union, although favorably disposed, was by no means committed to the proposal. Karl Radek, in an article in *Pravda* on May 29, defended Russia's new policy against charges of inconsistency by explaining that it was not Russia that had changed but that the League had lost its original anti-Soviet character.

Simultaneously with Radek's article came Litvinov's important declaration at the reassembled Disarmament Conference confirming his previous attitude. In addition Litvinov now proposed that the Disarmament Conference be transformed into a permanent "Conference of Peace." Similar proposals had been made by the Soviet Government on several previous occasions in an effort to discredit the League. The new body suggested by Litvinov, however, "far from replacing the League," is "to be considered an organ of the League," and "should work out, extend and perfect measures for strengthening security." Among the measures suggested is a graduated scale of sanctions against violators of the Kellogg Pact, which is not, however, to be pursued "to the point of military measures not acceptable to all States." Between the lines of Litvinov's tactful declaration one may discern again the remarkable spectacle of a Russian effort, by means of the Kellogg Pact, to induce the United States to accept a share in the responsibility for the maintenance of peace, such as the Soviet Union itself is now ready to assume. This interpretation is confirmed by Soviet press comment of June 1.

The conditions on which Russia would enter the League are reported to consist mainly of recognition by certain powers—only twenty-four of the League's fifty-seven members have as yet recognized the Soviet régime—and a formal invitation (to obviate the possibility of being blackballed). It is assumed that as a great power the Soviet Union will be given a permanent seat on the Council, though this may cause complications if Poland insists on her demand for a similar place. Far from advocating modificaation of the Covenant to eliminate arbitration and sanctions, Russia now accepts arbitration and proposes a European treaty of mutual assistance, precisely what she emphatically rejected in 1924, and what France has long sought in vain.

If Soviet Russia should enter the League it would be a fitting climax to the New International Policy—counterpart of the domestic NEP—which has come to dominate Soviet

foreign relations. Uninterested in either national expansion or international communism (despite the lip service still paid to the latter), anxious only to be let alone to cultivate in peace the fruits of the revolution, the Soviet Union thus takes its stand beside the powers upholding the status quo. True, it still believes that international socialism is both inevitable and the only permanent guarantee of peace. But the Stalinist doctrine of a transitional period of peaceful coexistence of capitalism and communism permits the most devoted Marxist, if national needs require it, to cooperate with the class enemy for the sake of peace. In this fashion do Soviet internationalists justify the strictly national policies to which they are temporarily compelled. And this explains the paradoxical fact that in foreign affairs Bolshevik Russia is at the present time a conservative force.

Will this New International Policy, like its domestic predecessor, prove to be in fact as well as in intention a temporary one? The answer probably depends not so much upon Russia herself as upon her capitalist neighbors. So long as material advantages are to be derived from friendship with capitalist governments, such friendships will doubtless be cultivated. Should capitalism attempt to solve its present grave difficulties by an anti-Soviet offensive—the united capitalist front which Russians dread—Russia might be expected to defend herself by every means in her power, including the powerful weapon of propaganda. If, on the other hand, the contradictions of capitalism should lead to that complete collapse which Marxists hope for and even non-Marxists fear, making world communism Soviet Russia's best hope of survival, Bolshevik realism would doubtless adopt that course. But so long as capitalism preserves its dominant position in world economy and retains its willingness to collaborate with Soviet Russia, it is likely to be met half way.

For the League of Nations Soviet adhesion would mean a mighty access of power from a quarter least expected and at a time when it was most sorely needed. Believers in the peace machinery would rejoice in seeing bourgeois and proletarian governments find at last a basis of cooperation in advancing the cause to which both profess profound devotion. Yet supporters of the "League idea" cannot avoid the disturbing thought that Soviet Russia and the League are being brought together not by international but by purely nationalistic forces. Despite Litvinov's protests that Franco-Russian rapprochement is not a return to the old policy of alliances, the similarity between the present situation and that existing before 1914 has been pointed out by many observers. If the entry of the Soviet Union into the League should turn out to be merely a disguised form of a new Franco-Russian alliance, the League would have paid dearly for its new member. Russia would then be joining not Wilson's League but Clemenceau's.

The Tennessee Valley Idea

By E. Francis Brown

THIS is the story of a far-reaching experiment that seeks to bring new life to a beautiful country, to a rich country grown poor. The setting is the Tennessee Valley, an area four-fifths the size of England—one which sprawls across parts of seven American States. And the experiment is in the hands of a corporation owned by the United States Government. This corporation, the Tennessee Valley Authority, is faced with the task of erecting almost a new civilization among more than 2,000,000 people—and that in any circumstances would be a man-sized job.

In the ordinary sense of the word, the Tennessee Valley is not a valley at all; rather is it the entire watershed of the Tennessee River. There are mountains which lift their heads more than a mile toward the heavens, land close to sea-level, rolling country and valleys, and innumerable streams. It is indeed strange that this region, well watered, blessed with a temperate climate, endowed with a variety of mineral resources, and still possessed of great forests, should not be prosperous. Yet the mass of the population exists in poverty: that fact is inescapable even for the tourist who rides through the countryside in the late Spring, when the air is heavy with the odor of honeysuckle, when cotton and corn and tobacco are yet young, and the roses are blooming in the dooryards.

On hillsides and in river bottoms are the ramshackle cabins of white and black, set amid unkempt fields that bespeak a misused, worn-out soil. On the road the poor whites and Negroes pass, some on horseback, a sack of meal across the horse's rump, for all the world as did their ancestors a century ago. Lean and spare, clothed in nondescript attire, illiterate, ignorant of the modern world and its ways, these are the people whom William Faulkner and Erskine Caldwell have so unforgettably described. Yet the poor whites, whether in the mountains or the bottom lands, come of good stock. Under proper conditions there is no reason to believe that they would not be vigorous carriers and creators of civilization. Why are they as they are?

The reasons are varied. Isolation has done its share in preventing these people from moving with the main currents of American life. A somewhat enervating climate may have contributed, along with improper and inadequate diet. But the chief responsibility must be laid at the door of a pernicious social and economic system which has exploited the region and its people.

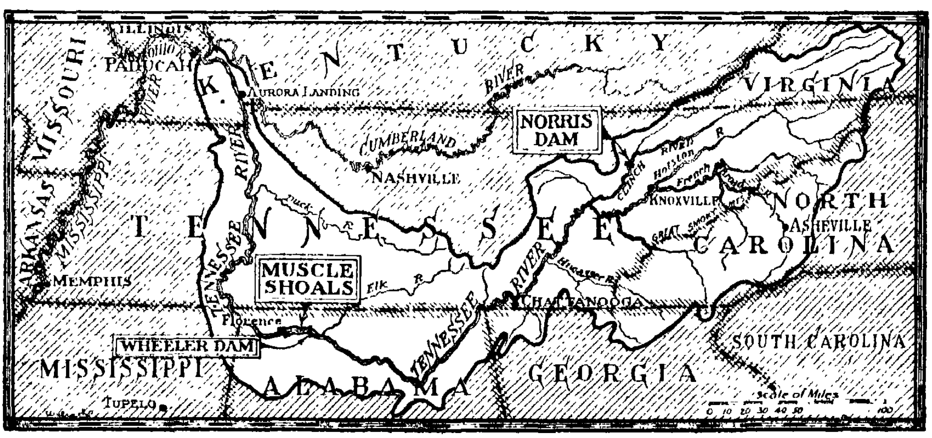
The Tennessee Valley since its settlement has been wedded to agriculture and has lived under a colonial economy, producing raw materials for the outside world. Much has gone out from the Valley; little has come back. Nor have those who have garnered riches in the region been as a rule concerned with using their substance for the building of a sound economic structure in the land from which they drew their profits. Thus the Tennessee Valley has shared the fate of colonial societies the world over.

In those parts of the Valley where cotton is grown the peculiar system of tenants and share croppers has debased humanity and ruined a once fertile soil. These people, dependent upon their landlords for credit and supplies, have, through almost perpetual indebtedness, been forced into an equivalent of serfdom. Cotton is, or has been, a money crop; therefore the tenants and croppers have been allowed to grow nothing else, not even garden truck. Thus have the cultivators of the cotton fields been deprived of a much-needed variety of diet at the same time that they have become dependent upon the success or failure of a single crop. Furthermore, they have always been at the mercy of a landlord who too often was no lover of mercy.

The human side of the story is bad enough; even worse, from the standpoint of succeeding generations, has been the exhaustion of the soil that results when cotton is grown too long in the same fields. Erosion through leeching inevitably occurs. When the yield per acre falls too far, the land is abandoned in favor of new. Carried on generation after generation this has meant that the soil of the Valley – and a similar disaster has been spreading over most of the South—was being ruined.

In the corn-growing country, erosion has also been present and the soil has likewise been exhausted by too intensive cultivation, year after year, of the same crop. But erosion is more apparent in the corn than in the cotton country, since corn can be raised on mountain slopes and on rolling land where cotton does not flourish. Here the heavy rains have washed away the topsoil and have cut the deep gullies that are so typical of Tennessee's red clay hillsides.

Conditions vary, of course, from district to district. There are still prosperous farmsteads and many farmers who do take care of their lands, rotating their crops, fertilizing properly and guarding against erosion. But there have been too few of this sort. Too many others have permitted their lands to be exhausted and the topsoil to be washed into the rivers and thence to the sea. Sooner or later, therefore, agriculture in the region is doomed unless some way can be found to stop the rapidly spreading destruction of the soil. The Valley, with all its wealth of natural resources and its land that even yet can be made productive, has sunk into



The Watershed of the Tennessee

poverty. The problem thus becomes one of bringing to the Tennessee Valley the prosperity for which nature prepared it.

Perhaps a general solution would never have been suggested had not the United States Government during the World War thrown the Wilson Dam across the Tennessee River at Muscle Shoals. Here in northwestern Alabama huge nitrate plants also were built to utilize the power generated at the dam. But the war ended before the project was completed and in the years that followed the future use of Muscle Shoals stirred perennial debate in the halls of Congress and in the nation's press. Should the plants and the dam be sold to private interests, or should they be retained and operated for the public good? That was the issue. Twice Congress decided that operations should remain in the hands of the government; twice these decisions were blocked by Presidential vetoes. Then, with the coming of the Roosevelt administration, the question was at last settled by the passage of the act establishing the Tennessee Valley Authority—the TVA.

President Roosevelt in his message to Congress asking for the creation of the Authority painted in broad strokes his conception of what might be done in the Valley. "It is clear," he said, "that the Muscle Shoals development is but a small part of the potential usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions." This message led to the enactment of legislation that was as far-reaching in its implications for all America as in its specific program for the Tennessee Valley.

On May 18, 1933, the TVA was established. Its broad powers can be grouped under three divisions: The generation and sale of power; the development of fertilizers; and the promotion of the economic and social welfare of the region. The last of these categories is obviously broad enough for all manner of projects and proposals, but specifically it can be expected to include reforestation, the control of soil erosion, and a balancing of agriculture and industry. In theory at least the entire experiment should be one from which the nation could benefit. Successful operation of the electric power business and the sale of power at low rates would make the private utilities toe the line, would force them to produce power economically and to sell it at low rates. Moreover, social and economic planning in the Tennessee Valley, if attended by any degree of success, might exert untold influence on the whole country.

From headquarters at Knoxville, Tenn., are directed TVA's multifarious activities. At the head of the Authority are three directors—Arthur E. Morgan, Harcourt A. Morgan and David E. Lilienthal—appointed by the President with the approval of the Senate. They are the apex of a personnel pyramid which at the end of TVA's first year comprised more than 9,000 individuals. Naturally the majority of them are the workers on the various enterprises that TVA has launched, but about 1,000 have administrative duties. Managers and men have been selected with extraordinary care; high morale and efficiency

have been the reward for this policy.

During the past year the TVA program has developed from vague generalities into specific proposals, especially in regard to electric power. Many projects are still in the blueprint stage; for others even the blueprints belong to the future. Yet if all the bunting and banners are stripped from the TVA, its purpose is found to be relatively simple. It is this: The Tennessee Valley is capable of producing electric power on a large scale. Why not then take advantage of that fact to construct a huge coordinated system of power plants and transmission lines and sell power at low rates? The economies of large-scale output and efficiency in production should, in the absence of excessive capitalization, provide amazingly cheap electricity for the Valley. In such an event, the people will be freed from their present exploitation by the private companies, the growth of industries will be encouraged, and all life will be made pleasanter and easier.

But how, if the living standards of the Valley are so low, can the mass of the population enjoy even cheap electricity? Well, standards must be raised so that people can buy. That necessitates bringing new industries to the Valley; it means revolutionizing the farming practices of the region; it forecasts altering ways of life that are rooted in generations of tradition.

When the vast hydroelectric system now planned by the TVA is completed, approximately 3,000,000 horsepower will be available to serve the Valley and its people. The Wilson Dam at Muscle Shoals has a maximum capacity of more than 600,000 horsepower, a small part of the total resources of the new system now under construction. About fifteen miles above Muscle Shoals the TVA is building Wheeler Dam, which will add about 375,000 horsepower to the energy generated at Wilson. Since both these dams are affected by the level of the river, producing much power when the waters are high and considerably less when they are low, the river's flow must be regulated by the building of storage reservoirs on the headwaters of the Tennessee. Several dams for this purpose have been projected, but only one, Norris Dam, on the Clinch River near Knoxville, is under construction. Even these storage dams will contribute to the total 3,000,000 horsepower that ultimately will be generated at the TVA plants.

But much of that is far in the future. At present the TVA is seeking to dispose of the power already available. And here enters the controversial subject of competition with the private power companies. The TVA has repeatedly insisted that it does not seek to drive these companies out of business. Yet if the TVA succeeds, will it not, in one way or another, have done precisely that? To be sure, it has sought to purchase transmission and distribution systems—and has done so—from the private companies, and it has made contracts for the transmission of TVA power, for as David E. Lilienthal, the director most concerned with power, has said, "to avoid duplication of facilities, to avoid territorial competition, to buy property at fair prices, are cardinal policies of the Tennessee Valley Authority." Nevertheless, should the TVA be able to supply the region with power at rates lower than those charged by the relatively small, overcapitalized private companies conducted primarily for profit, it is difficult to see how these latter can escape extinction.

This danger is very real to all whose interests lie in the realm of private utility operation. At the mo-

ment in the Tennessee Valley the force of public opinion has kept protests at a minimum. Later, if the companies survive, this opposition may be more open. On the other hand, so long as the TVA adheres to its purpose of generating and selling power on a sound economic basis, without government subsidies, so long will it be hard to attack—at least for its power program.

Meanwhile, the TVA, pushing ahead with the sale of its power, has pointed with justifiable pride to the benefits already discernible from the sale of cheap electricity at Tupelo, Miss., the one community that by the middle of May had actually begun to use TVA power. One cotton mill in the town consumed 26 per cent more power in March, when it was buying from the TVA, than in January, when that power was unavailable; moreover, despite increased consumption, the total cost was 40.4 per cent less in March than in January. Other Tupelo plants had similar experiences. Eventually, decreased costs, it would seem, are bound to attract industries to the Tennessee Valley.

To increase the use of electricity, even in communities that have not signed contracts to purchase TVA power, the Electric Home and Farm Authority has been established. This agency seeks, by selling electrical appliances at low prices and on liberal credit terms, to bring electric stoves, refrigerators and other conveniences into many homes.

While ultimately the TVA hopes to assure the Valley folk not only a chicken in every pot but an electric range under the pot, this goal cannot be attained until living standards generally have been raised. No farmer with a cash income of less than $100 a year—and such cases are altogether too common in the Tennessee Valley—is much concerned with electric iceboxes. Somehow greater purchasing power will have to be created. And that brings us to the remainder of the TVA program.

If agriculture is to be placed on any sort of a sound basis, the destruction of the soil must be halted. Many things are involved here. Scientific farming must be introduced, at least in so far as that means the rotation and diversification of crops, the growing of ground covers, like hay, clover or alfalfa, and increased attention to the raising of livestock and to dairying. Each of these would, among other things, check erosion. Erosion, it should not be forgotten, concerns TVA in more ways than one. Its effect on agriculture is the most obvious; yet rivers filled with silt from eroded fields eventually ruin dams and power plants. Finally soil, whether exhausted or threatened with exhaustion, must be properly fertilized.

Nitrogenous crops—peas or clover, for instance—will replace some of the lost fertility; nitrate fertilizers can be used; but one of the great needs in the Tennessee Valley is phosphates. In the past transportation costs, added to other items, pushed the price of phosphate fertilizers to a point where few Valley farmers could afford to buy them. Yet the land needed just that sort of enrichment. This difficulty, of course, is not confined to the farmers of the Valley, but it is their plight which concerns the TVA most immediately.

The Tennessee Valley Authority is empowered to study the manufacture of fertilizers, to purchase and sell fertilizer materials, and to manufacture fertilizers if that seems desirable. Acting on this commission, the TVA is carrying on research at one of the old nitrate plants at Muscle Shoals to determine whether or not phosphate

fertilizer of some sort can be made cheaply and in large quantities. Extensive deposits of phosphate rock are close at hand in Tennessee. The chemists' experiments have so far been encouraging. Should their studies have practical results, the TVA through its production of cheap fertilizers might indeed, along with its power policy, achieve the social and economic revolution in the Tennessee Valley about which there has been so much loose talk.

But part of that revolution, if present plans mean anything, will spring from conscious changes in the economic structure which the TVA has in view. Naturally these developments are not unrelated to the power and fertilizer program; yet in a sense they stand apart, for they bear the idealist's brand. One of these schemes seeks to balance industry with agriculture, another phase of the decentralization of industry about which much has long been heard.

There can be no doubt that in the Valley too many people belong to the soil. Many marginal and submarginal farms should be taken out of cultivation. Many men and women, now devoting their lives to agriculture, are not needed. Cannot these people be given economic purpose by uniting industry and agriculture? Theoretically this can be accomplished by bringing small industries into rural areas so that a man may find employment in a factory and yet cultivate a small farm or garden plot near by. The land would supply him with most of his foodstuffs; the factory would give him a cash income. Economic forces seem to indicate that such a development may be in the offing, and in Tennessee, even before the advent of the TVA, some communities based on agriculture and industry had grown up. But social and economic planning of this sort has not yet gone far.

By aiding the formation of cooperatives, the TVA is also furthering the principle of a balanced social and economic structure. These cooperatives may be concerned with the processing or marketing of farm products; or they may establish industries which take advantage of "unique materials, nearness to local markets, climate or natural bent of the people" in particular districts. So far only a few cooperatives are in existence and no one can say what is their future development. All these projects, in which the TVA wants to act only as a catalyst, are to be regarded as mere demonstrations of what could be done on a large scale. Nevertheless, the TVA has admitted officially: "Cooperative industries may play an important part, but privately owned industry should do most of the job."

Perhaps if industries which the TVA stimulates remain small, they will be unmolested; but let them begin to compete in the nation's markets and howls of protest can be expected from other sections of the United States. That is the unfortunate part of attempting any experiment within a region which is part of a capitalist economy, within a region that cannot be protected by a Chinese Wall.

Success of this sort of hothouse program faces other obstacles. Apparently we are destined, under the present system of distribution, to have agricultural and industrial surpluses for a long while to come. Whatever improvement in farming or industry the TVA may accomplish will tend to increase that overproduction, at least temporarily, unless by some miraculous turn the purchasing power of the Valley is improved. Finally, despite all theoretical considerations to the contrary, industry has retained an obstinate propensity for large-scale units.

Recognition of these facts is implicit in a speech which David E. Lilienthal made at Chattanooga in April. "It is the Authority's duty," he insisted, "as well as its privilege to encourage the growth of large-scale industry. This program should be based squarely upon the obvious benefits which industry will enjoy in the area. It should be based upon the factors of cheap hydroelectric power and an abundance of mineral and other natural resources. * * * It seems to me that it would be no less than fatal and destructive to the entire program if industry were to come to the Valley on any other basis than the natural advantages of the region." Such a point of view is more realistic than that expressed by some of the other spokesmen for the TVA.

Another demonstration of what might be is presented in the much-advertised town of Norris. Though created to house some of the workers at Norris Dam, this community is presumably to be permanent. Certainly the delightful little homes which the TVA has erected in what a year ago was a forest have been built to last far longer than the workers on the dam will need them. Both the plan of the town and the houses reflect the skill which American architects acquired during those happy days when smart subdivisions were rising around our cities.

As a community to house workers, however, Norris is suspect. If the town is to be a self-supporting enterprise, tenants other than even skilled laborers will probably have to be found. As an example of what can be be done in the way of inexpensive housing, the town has fallen short, for its houses seemingly must rent at rates too high for those intended to live in them. Furthermore, it will be long before the masses of Tennessee can benefit by the sort of ideal community established at Norris. For them this and similar towns must remain in the same category as round-the-world cruises for the country school teacher.

In the years ahead many dangers will confront the TVA. Other regions of America are certain to protest against the amount of money being spent in the Valley. Even if a large part of the whole project should ultimately, as planned, be self-supporting, criticism can be leveled against the appropriations that are certain to be sought from Congress to carry the program into effect. Then, all sorts of interests affected by developments in the far-flung area will join the chorus, and no doubt seek to strengthen themselves with allies among the people of the Valley itself. Those groups affiliated with the power companies, as has been said, are not disposed to be friendly to the TVA. Nor are conservatives generally, for some phases of the experiment undeniably bear the seeds of a social and economic order quite dissimilar from that existing today. And there is always the possibility, at present seemingly remote, that the Valley folk may be led to turn against the TVA.

Recently a speaker at the Republican State Convention in Tennessee accused the TVA of seeking to "blueprint" the mountain people. Although he was talking for political effect, such sentiment could spread. The individualism of the Valley is longstanding; traditions are hard to change; and "foreigners" are ever under suspicion. So the TVA, composed in its higher reaches of many men from beyond the Valley, must tread warily. Already it has been accused of leaning over backward in its endeavor to avoid offending local sentiment, a tendency that has raised the

question, "In the end, which will have the greater effect, the TVA on the Tennessee Valley, or the Tennessee Valley on the TVA?"

Moreover, it is human nature to resent being "improved." Though in Knoxville one hears much talk of the individualism of the local inhabitants and how they must work out their own salvation, one feels at the same time that the last thing some of the TVA people desire is that the Valley folk should find the way alone. Too many men in the TVA are imbued with the spirit of the uplifter; they make too much of the well-worn phrase, "the more abundant life," and have too high a sentimental regard for the quaintness of the poor whites. All these elements can easily provoke rebellion.

Finally, there are the politicians. With minor exceptions they are supporting the TVA—wisdom just now dictates that course—but it is debatable how many at heart care ten cents about the entire project. Furthermore, these men can not forget the TVA's stiff-necked attitude toward political appointments. Although the act creating the TVA forbade appointments based on political considerations, the representatives of the people argue that at least a few exceptions might be made. So far there has been none, and though such a policy has undoubtedly heightened the efficiency of the TVA as a working group, it may some day well be a cause for regret.

At the moment, however, the TVA is on the crest of a wave of popularity. After all, you do not bite the hand that is feeding you—unless you are tired of the diet. And the TVA, by spending large sums of money, has almost brought prosperity to certain sections of the Valley. It has given employment to thousands of workers, both directly and indirectly—no small boon in a region where unemployment relief has in some instances been drawn by three-quarters of a county's population. In addition, the newspapers of the entire Valley, week after week, print accounts of what the TVA is doing and what it hopes to do. Even among the conservative-minded people of the Valley, such a campaign has stirred hopes that the future may be brighter than the past. Perhaps the mass of the people are still puzzled as to what it is all about; they only know that there is big talk going around and that momentarily there are more jobs available than usual.

It is far too soon to prophesy the success or failure of what is taking place in the Tennessee Valley. Obviously much that happens will be influenced by what happens in the country at large. But the Authority has such wide powers that it is highly flexible and can adapt itself to new situations as they arise. It has enlisted many men who for years have been seriously thinking about social and economic problems; these men are enthusiastic over the opportunities that stretch before them. As time passes it seem inevitable that the idealistic aspects of the experiment must yield ground to the practical; in that case we can expect to hear more about electric power in the Tennessee Valley and less about social planning. But whatever the ultimate fate of the TVA, we can rest assured that the experiment will have taught many invaluable lessons; not least among them will be the results of governmental operation of a mammoth hydroelectric system.

Haiti for the Haitians

By ERNEST GRUENING*

"MY government is doing its utmost," declared Secretary of State Cordell Hull at the Seventh Pan-American Conference on Dec. 16, "with due regard to commitments made in the past, to end with all possible speed engagements which have been set up by previous circumstances. There are some engagements which can be removed more speedily than others. In some instances, disentanglement from obligations of another era can only be brought about through the exercise of some patience."

Two spots on the Latin-American map came at once into the minds of the assembled delegates, with Mr. Hull's reference to "commitments made in the past," and "obligations of another era." One was Cuba. And before the session had ended, President Roosevelt at home and Secretary Hull at Montevideo had declared their administration's willingness to revise the Permanent Treaty, which includes the Platt Amendment, disliked in Cuba and throughout Latin America as one of several manifestations of imperialism.

The other spot was Haiti. Four Haitian delegates were present at Montevideo. They had voyaged thither on the same ship with the Secretary of State and had urged our ending completely the super-government which the United States has exercised in that island republic since 1915.

Athwart these negotiations came publication of the letter of President Roosevelt in reply to one from President Sténio Vincent of Haiti, who had requested that the United States renounce the "financial control in Haiti by a spontaneous act which would be the most eloquent affirmation of a common will toward friendship, toward better understanding, toward inter-American economic cooperation and collaboration." In language polite but firm, President Roosevelt, on Nov. 28, refused this request, asserting that existing agreements must stand and that in his judgment "this government is under an unescapable obligation to carry out the Treaty of 1915 and the protocol of 1919, and in the agreement of Aug. 7, 1933, it has made appropriate provision to that end. Except for this obligation, upon which the bondholders are entitled to insist, my government would be only too glad to discontinue at once its connection with financial administration in Haiti."

This categorical refusal not only dashed the hopes of Haitians. It went far to impair the utterances of Secretary Hull at Montevideo and his program for better inter-American relations. For the history of the United States occupation of Haiti is well known throughout Latin America—far better known than in the United States—and is considered as one of the most inexcusable episodes in what is unfavorably known as "Monroeism."

Considerable confidence and faith in the purpose of the Roosevelt administration, however, were restored

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by Secretary Hull's attitude at the conference and by the declarations of President Roosevelt in his Wilson Day address on Dec. 28. The President then declared that, "if and when the failure of orderly processes [in a country] affects the other nations of the continent * * * it becomes a joint concern of a whole continent in which we all are neighbors." By this declaration, in effect, he continentalized the Monroe Doctrine. Thus three elements of friction, all related to one another, were removed or were on their way to removal: (1) Intervention; (2) the Platt Amendment; and (3) that aspect of the Monroe Doctrine by which we formerly assumed the sole right, on our own initiative and without consultation, to act in matters affecting the sovereignty of other countries in this hemisphere.

Haiti remained. Yet fully mindful of all the implications and of his implied promise at Montevideo "to end with all possible speed" this engagement which had been "set up by previous circumstances," Mr. Hull sought a settlement. Two months after his return to the United States, the President of Haiti was invited to come to the United States, and a solution was found, an achievement not difficult the moment there was an honest will to find it. Marines and bankers' and bondholders' representatives will leave Haiti at the same time, in all probability before the end of this year. It is a most striking demonstration of what a new hand at the helm of our ship of state may achieve in inter-American policy.

Haiti's troubles began about 1905, when an American named McDonald, backed by a group closely affiliated with the National City Bank of New York, secured a concession to build a railway in Haiti. The Haitian Government agreed to pay a specific sum for every completed kilometer of track. Some years later the Haitian Government, alleging that the road was not being built according to specifications, suspended payments.

In 1910 Secretary of State Philander C. Knox felt it advisable that Americans should participate in the ownership of the Banque Nationale d'Haiti, hitherto a French stock company. Several thousand shares were acquired by four American banking firms, including the National City, which later secured a dominant interest in and ownership of the bank. The bank, under a contract with the Haitian Government, served as its treasury and disbursing agent, had the right to issue paper money, and enjoyed various other profitable privileges. Disputes between the government and the bank arose.

Meanwhile an active campaign was conducted in the State Department by Roger L. Farnham, president of the railroad and vice president of the National City Bank, to bring about intervention in Haiti and control by the United States of Haitian finances. Mr. Farnham's efforts were successful. The State Department proved highly cooperative. From 1913 to 1915, President Wilson's administration sought in various ways to persuade the Haitians to transfer control of their customs to American officials. Missions from the United States went there with that end in view. In each instance their offers were firmly declined. Pressure from the United States grew. United States warships were dispatched to Haitian waters.

Early in July, 1915, bluejackets were landed in the northern part of the island and a naval field radio station established. When, to scotch impending revolt, President Vilbrun Guillaume Sam on July 27, 1915, bar-

barously caused some seventy political prisoners to be massacred and was himself dragged from the French Legation by an infuriated mob and killed, the United States found its long-sought opportunity for permanent occupation.

Following the President's violent death, the United States fleet disembarked marines, disarmed such inhabitants as were armed and took possession, although there was no threat to the lives or property of foreigners. Peace was promptly restored. When the Haitian Congress met to elect a President, this function was impeded by Admiral Caperton under orders to insist that the Haitians choose an Executive who would agree in advance of election to sign any treaty the United States would submit. Several eligible candidates rejected this condition, but finally on Aug. 12 Philippe Sudre Dartiguenave, who had consented, was, under supervision of the marines, elected.

To the new President's dismay, the treaty then presented contained not only all the stipulations which the Haitians had rejected in the last two years in peaceful negotiations but several additional drastic clauses which had been added at the last minute. These included not only customs control but complete financial and military control; a constabulary officered by marines was to be created. Most significant, however, was that Haiti was to agree to the early signing of a protocol which committed it to the settlement of all foreign claims. The United States could extend the ten-year treaty for another ten years at its option and a blanket clause gave it the right to take any measures which it deemed fit to carry out the objectives of the treaty. The stated objectives were the peace, welfare, stability and reconstruction of Haiti. The United States was there to bear the "white man's burden," to teach the Haitians the art and practice of self-government.

To what degree various motives entered into the occupation of Haiti will always be controversial. Certainly the economic basis—the settlement of foreign claims, in particular the claims of the National City Bank and its affiliated railroad—looms large, although official pronouncements invariably ignore this and stress the altruistic aspects of the intervention.

When the newly elected President of Haiti demurred against the unexpected insertion of such drastic clauses which in effect meant the overthrow of Haitian sovereignty, the Navy Department ordered the seizure of the customs houses. The occupation thereby controlled the revenues of the republic, and let it be known that these would be withheld until the treaty was ratified. In addition to the President's signature, ratification required the assent of his Cabinet and of the two branches of the Legislature. But the Cabinet and the Legislature resisted, and Admiral Caperton declared martial law.

The Admiral, in a confidential message to his second in command on Sept. 8, admitted that he was making progress toward ratification "by the exercising of military pressure at propitious moments during the negotiations." As a result, he pointed out, two opposed members of the Cabinet had resigned. By dint of this pressure and the elimination of objectors, the assent of the Cabinet was secured and subsequently that of the Chamber of Deputies. The Senate, however, remained obdurate. Finally, with all public funds withheld by the United States Navy, with a large body of public employes in consequence unpaid for over three months and starving,

a representative of the Admiral, acting on orders from the Navy Department, warned the Senate that the United States would stay in Haiti under a régime of martial law until the treaty was ratified. With a pistol pointed at its head, the Haitian Senate could do nothing else but sign.

For the next fifteen years a dictatorship by the United States Navy controlled Haiti. A new Constitution written in Washington was ordered adopted. For the first time in Haitian history it was made possible for foreigners to own land. Previous Constitutions had forbidden this on the ground that it might be the entering wedge of foreign penetration and conquest. Another clause set up the marines' courts-martial above the Haitian courts in matters affecting the occupation. When the Haitian Congress refused to adopt this Constitution, it was, under orders from Washington, dispersed by General Eli K. Cole, Commander of the Marine Corps in Haiti, while the Haitian press was forbidden to print the news of the dissolution of the National Assembly.

With the Legislature abolished, there was no legal means of adopting a new Constitution. The ingenuity of the Marine Corps, however, proved equal to the emergency. A plebiscite was ordered. When it was held, only affirmative ballots were available to the Haitians. So the Constitution was adopted with virtual unanimity.

The United States having meanwhile exercised its option to extend the treaty for ten years, that is, to May, 1936, the protocol was signed—again despite the protest of the Haitian Government — and negotiations proceeded in the United States for floating a loan to provide the Haitians with money to pay their foreign claimants, chief of whom were the National City Bank and its affiliated railroad. The Haitians did not want this loan and objected to it most emphatically. When the President and the Cabinet withheld their signatures, their salaries were suspended by orders of the State Department.

Meanwhile, the Harding-Cox Presidential campaign in 1920 in the United States, in which the Haitian question came to the surface, temporarily interrupted this imposed loan, and not until the election of a President even more pliant than Dartiguenave two years later were the necessary signatures forthcoming. The new President, incidentally, was not eligible, under the Haitian Constitution. Both the previous Constitutions and that imposed by the United States required that the President of Haiti be a Haitian born of a Haitian father. Louis Borno, chosen for the Presidency by the handpicked Council of State, which, in the absence of a Legislature, "exercised legislative functions," was born of French parentage. This little detail, however, did not worry the marine command.

The loan floated by the National City in 1922 was for thirty years. The contract for the loan produced under the pressure already mentioned contained the extraordinary provision that even after the expiration of the treaty in 1936, the essential elements of the financial control would last for the life of the loan, that is to say, the purchasers of the bonds received a pledge from the underwriting and issuing house, the National City Bank, that until the issue had been retired, presumably in 1952, the United States financial control would remain in Haiti. This was, in fact, an extension of the treaty for sixteen years.

The matter never went to the United States Senate for ratification. And of course it went to no Haitian body for ratification. There was no longer

a Legislature in Haiti, and the President and Council of State had been starved into conformity. The loan contract was in effect a treaty negotiated by the National City Bank in New York with its representatives in Haiti committing the United States to sixteen more years of occupation in Haiti. The State Department naturally understood the matter perfectly. The Haitians, of course, did not count.

How was the money used? Up to the time of the intervention of the United States the Haitians had strained every nerve to pay their foreign obligations. Their finances, badly confused, were aggravated by the outbreak of the World War, which interrupted trade. Their domestic creditors were numerous and they were in arrears on amortization payments of the foreign debt held in France, although they had paid the interest scrupulously. The occupation, however, immediately upon taking possession in 1915, had suspended all foreign debt payments. These were now, six years later, to be resumed with arrears. When the prices of the bonds struck bottom, the insiders, who knew what was coming, picked them up for a song.

Next, a claims commission was set up to pass on a great variety of foreign claims of one kind or another, which were disposed of at 9 cents on the dollar, probably a fair relation to their actual worth. But the really significant claims—the claims of the railroad and the claims of the bank—were never referred to the commission but were settled arbitrarily by the United States fiscal control. The railroad bondholders fared extremely well; the more so as the railroad, consisting of three isolated sections of track, had never earned even its operating expenses. For every four bonds three of the new 6 per cent Republic of Haiti bonds, guaranteed by the United States, were issued. For arrears in interest the bondholders received cash. When these various obligations had thus been taken care of, about 10 per cent of the $23,660,000 of loan remained for the Haitians, to be expended on public works.

During the United States occupation the marines, requiring a highway across the island, determined to conscript Haitian labor. For this purpose the old Haitian law of *corveé,* in disuse for half a century, was revived. The occupation seized able-bodied Haitians wherever it could find them, transported them to distant parts of the island, kept them at work for months, herded them into compounds at night. If the conscripts attempted to escape, they were beaten or shot. In consequence, a revolt against this brutality broke out. Before it was put down, some 2,000 Haitians, including women and children, had been killed. The campaign to suppress these rebellious Haitians, labeled "bandits" by the occupation, included the bombing of villages from marine airplanes. The explanation of why women and children had to be killed was made in the report of a select committee of the United States Senate which completely exonerated those responsible. The Senators reported thus:

"It is impossible to determine in exact figures the number of Haitians killed in this eighteen months' guerrilla campaign. A fair estimate is about 1,500. The figure includes many reports based on guesses made during combat and not on actual count. The casualties, whatever they were, undoubtedly included some non-combatants. The bandits were found resting in settlements where they were surrounded by their women and children, or in villages where they camped and were tolerated by the inhabitants

through fear or friendship. When encountered they had to be instantly attacked. These conditions largely account for the deaths of the bystanders."

Until 1930 government in Haiti was purely military, under what Arthur C. Millspaugh, who served there as United States financial adviser, described as "dictatorship by collusion." The dictatorship was jointly that of President Louis Borno and General John H. Russell, whom President Harding had appointed High Commissioner. In 1930, when it was evident that Borno was planning to re-elect himself for a third term, the long-suffering Haitians revolted. Strikes led to bloodshed. Haiti appeared on the front pages of American newspapers, and General Russell sent out an S O S for more marines. At this point President Hoover sent a commission to investigate.

The Forbes commission, consisting of W. Cameron Forbes, Henry P. Fletcher, William Allen White, the late James Kerney and Elie Vézina, found such an inflamed state of affairs in Haiti that it realized quick action was essential. It sought and obtained amplified powers. President Borno, much against his will, was persuaded to resign. An interim President, agreeable to all factions, was named. Constitutional representative government, suppressed for fifteen years, was restored. Elections were held for both Congress and the Presidency. They resulted in a virtually clean sweep for those who had consistently opposed American intervention. Sténio Vincent was chosen President. The Forbes commission had recommended as speedy a return as possible of Haitian sovereignty to the Haitians.

This process was rendered difficult by the stubborn opposition of the State Department to yielding one iota of financial control. Haitian Ministers of Foreign Affairs tried in vain to secure some concession in this matter. Finally, in September, 1932, a treaty was signed by United States Minister Dana G. Munro and Albert Blanchet, the third Minister of Foreign Affairs under Vincent. It conceded a withdrawal of marines a few months before the expiration of the treaty in May, 1936, but insisted on complete financial control until the last cent of amortization and interest had been paid on the bonds—possibly until 1952. The Haitian Congress, aflame with patriotic indignation, unanimously rejected the treaty.

To the great amazement of literate Haitians, in the following August, several months after President Roosevelt's inauguration, a so-called executive "agreement" unexpectedly emerged. While containing a few modifications of the treaty of 1932, it retained the financial aspects in essence and in spirit. That this new treaty was now labeled "accord," or "executive agreement," presumably to obviate submission to the Senates of both countries, seemed to many like a subterfuge and trickery to evade the popular will. Haiti's President defended his position by asserting that he had secured every concession possible against an adamant position by the United States. It undoubtedly was true that the subordinates in the State Department who had handled Haitian affairs so long were unaware that a New Deal existed, that their department was no longer run for the bankers. It was the Latin-American division of the department which undoubtedly drafted the letter signed by President Roosevelt on Nov. 28, declaring that the United States must retain that control as set forth in the agreement of Aug. 7, 1933.

But both the President of Haiti and

the subordinates in the State Department proved mistaken. The "executive agreement" of Aug. 7, 1933, has now been set aside, and a radically different solution found. As this is being written a new treaty awaited ratification by the Haitian National Assembly. It will restore Haitian sovereignty fully and go beyond the strict letter of necessity even under the treaty of 1915, for it contemplates withdrawing both the financial and military control well before the expiration of the treaty in May, 1936, indeed before the end of 1934.

In summary the arrangement is as follows: The financial control with its corps of experts whose services were a charge on the Haitian Treasury, and constituted no inconsiderable burden, is withdrawn. The Bank of Haiti, which under its contract with the government has continued to serve as treasury and disbursing agent, will add to its functions the service of the loan. The Government of Haiti will acquire the Bank of Haiti. Thus the rôle of the National City Bank in Haiti is ended by sale, an admirable solution for which James H. Perkins, who succeeded Charles E. Mitchell as president of the National City Bank, is entitled to praise. Only a part payment in cash will be required; the balance will be covered by notes payable over four years. But until the bank is fully paid for and until the payment of interest and amortization on the bonds is completed, the bondholders and the bank's representatives will constitute a majority of the bank's directors. As soon as the payments are completed, the control of the bank will pass wholly to Haiti. The arrangement between the Haitian Government, bank and bondholders is a private contract. Under the treaty the United States will no longer play an official part in Haiti's affairs.

The accord of Aug. 7, 1933, might conceivably have been upset by the Haitian Senate. Its constitutionality and its validity were contestable. But given its enthusiastic support by the President of Haiti, there is considerable question whether it would not have bound the Haitians irrevocably had the government of the United States insisted upon it. That President Roosevelt and Secretary Hull were willing to scrap this agreement is an unprecedented exemplification of the Golden Rule in dealings between nations. It is quite true that the record of the United States in Haiti would at any time have justified and warranted the complete abrogation of the treaty "unconditionally and without qualifications," to quote the recommendation in 1922 of a distinguished group of twenty-four American lawyers.

Yet five successive administrations, Republican and Democratic, and including the present one, never showed any impulse to do other than endorse and reaffirm the Haitian policy—until the moment President Roosevelt and Secretary Hull personally came to grips with it. Then there *was* a New Deal. Their action is a climax to their preceding statements and acts relating to Latin America. They are entitled to the greatest credit for their enlightened and generous reversal of a stand already taken officially, and their latest specific fulfillment of earlier general pledges will deservedly have the widest favorable repercussions from the Rio Grande to Cape Horn. Mr. Roosevelt and Mr. Hull have decided that it is the part of wisdom and of statesmanship to make our neighbors also our friends.

Is Germany Facing Bankruptcy?

By ROBERT L. BAKER*

THE world has been watching with increasing anxiety the growing economic plight of Nazi Germany. During May and early in June there were various alarming indications of possible bankruptcy. The gold reserves of the Reichsbank were dwindling dangerously; foreign exchange necessary for imports was being drastically curtailed, and the world was stubbornly refusing to purchase German goods.

Financial authorities who had recently returned from Berlin to London, Paris and New York were almost unanimous in the opinion that Germany was rapidly approaching economic breakdown. The French Foreign Office had already begun to base its European policy in part upon the possibility of economic collapse in the Third Reich. In Germany during the early part of June there was guarded talk of the devaluation of the Reichsmark and the declaration of a complete moratorium on foreign payments. Most serious of all for Chancellor Hitler, the German people were beginning to doubt the economic benefits of National Socialism, and Dr. Goebbels was carrying on a campaign against "traitorous critics."

Hitler's rise to power in Germany was due in no small degree to his promises of far-reaching economic reforms. If then Germany is no better off today than she was in January, 1933, when the National Socialists took over the government, the question arises, to what extent is the new economic crisis due to the non-fulfillment of the promises to bring about economic improvement and the abandonment of half-hearted attempts as soon as they met with opposition from the leaders of commerce and industry.

The most important of the National Socialist promises, and one that brought Hitler many millions of followers, is Point 13 of the official program, which was declared in Section 2 of the constitution of the party to be unalterable for all time. Point 13 reads: "We demand the nationalization of all businesses which have been up to the present formed into companies (trusts)." But Herr Fritz Thyssen, the head of the most powerful German trust, had in 1932 provided the Nazis with $875,000 for the last week of the April Presidential campaign alone. It was obvious that Hitler, thus obligated, could hardly put Point 13 into practice.

Another important promise in the Nazi program, Point 17, has also not been acted upon. It reads: "We demand land reform suitable to our national requirements, confiscation without compensation of land for communal purposes and the abolition of interest on land loans." While the Nazi Minister for Agriculture did attempt to carry out some of these reforms, and actually announced a new and recognized status for German peasants, the fact remains that not a single estate in East Prussia, Pomerania or anywhere else has been con-

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fiscated in order that it might be split up into small homesteads for the unemployed.

During the last fifteen months numerous optimistic official statements have been made about improved economic conditions in Nazi Germany. But these have come mainly from the Minister of Propaganda, and foreign observers have hitherto been unable to check the accuracy of such claims because reliable statistics have not been available. The Nazi government's greatest claim is that it has reduced the number of unemployed in Germany from 6,000,000 to 2,500,000.

Even if this boast is for the moment accepted at its face value, it indicates nothing more than that there has been a catastrophic fall in the standard of living of the German wage-earner, for the total payroll of workers, employes and domestic servants has declined. According to the Institute for Trade Cycle Research (*Institut fuer Konjunktur Forschung*), the payroll in the last quarter of 1933 amounted to 6,850,000,000 marks. This figure was only 4 per cent higher than that of the same period in 1932. In the first quarter of 1934 the payroll fell to 6,100,000,000 marks, or about 10 per cent below the average for 1932. Thus, even if it were true that Hitler has succeeded in reducing unemployment in Germany by some 40 per cent, he has done so by a drastic lowering of the general standard of living.

Employment has undoubtedly increased in certain industries—mainly those which are directly or indirectly profiting from the armament budget, enlarged this year by 600,000,000 marks. Yet it is significant that this increase in employment has been accompanied by a fall in the total payroll of these industries. For example, the Krupp works employed 35,647 workers in 1932 and 43,409 in 1933, while the payroll fell from 69,000,000 marks in 1932 to 67,000,000 in 1933. In other words, the average yearly income of the workers sank from 1,936 marks to 1,543 marks. At the Hoesch works the number of employed rose during the same period from 19,960 to 20,289, while the payroll dropped from 43,000,000 marks to 38,000,000—the average yearly income falling from 2,267 marks to 1,869. At the I. G. Farben, Germany's great chemical trust, the number of employes rose from 67,000 to 77,000, while the average annual earnings fell from 2,582 marks to 2,272. The greatest German electrical concern, Siemens, reduced its payroll in 1933 by 18,710,000 marks, although 4,000 more workers were employed than in 1932.

Symptomatic of the fall in wages are the developments in the automobile industry in Saxony, which had always paid the highest wages in Germany. In 1932 a skilled worker earned about 60 marks a week and the unskilled worker from 30 to 35 marks. Today the earnings of these workers have sunk to 26 marks for the skilled and 12 to 15 marks for the unskilled. The Leipzig Chamber of Commerce reported in February, 1934, that wages in the machine industry of Saxony averaged 9 per cent lower than in 1933.

Not only is the wage level of the worker in Nazi Germany considerably lower than in 1932 but, in addition, the purchasing power of his earnings has decreased enormously, because retail prices continue to rise at a rate out of proportion to that of the rise of raw materials. According to the *Frankfurter Zeitung* index, retail prices rose 9.6 per cent in the last quarter of 1933 and a further 5.6 per cent in the first quarter of 1934, making a total increase of 15.2 per cent in six months. On the other hand,

the raw material price index during the same period showed an increase of only 3.1 per cent. Besides a generally lower wage level, therefore, the diminished purchasing power of the German consumer must be taken into consideration.

Unemployment generally, however, has not decreased. Fewer workers may be listed as unemployed, but there are no more persons gainfully employed in Germany today than there were in 1932. The statistics of the German Free Trade Unions for the beginning of 1933, for example, gave a total of 20,832,000 for workers, employes and domestic servants. From this figure about 300,000 can be deducted for sick persons unable to work, leaving 20,532,000 workers, employed and unemployed, in January, 1933.

On May 25, 1933, the Reich Sickness Institute had on its registers 13,170,000 paying members who were employed; on June 25, 13,185,000; on Sept. 25, 13,403,000, and on May 15, 1934, 13,600,000. To these figures must be added the visible unemployment which, as shown by statistics of the Reich Institute for Labor Placement and Unemployment Insurance, amounted to 2,525,000 on June 1, 1934, giving a total of 16,125,000 out of 20,532,000 employable persons. The difference between the two figures is in part accounted for by invisible uneemployment and "substitute" employment. In the latter category the voluntary labor corps, emergency farm workers and emergency relief workers, all of whom merely get their keep, are included. Their total is more than 1,000,000. The removal of women from industry, the elimination of "black labor," that is, workers who draw unemployment doles and at the same time do odd jobs, and loans to young couples who marry have reduced the number of employable people.

The Trade Cycle Research Institute estimated in January, 1934, that about 2,000,000 people were affected by this so-called invisible unemployment. But even this figure accounts for only a part of this kind of unemployment, for admittedly it does not include the middle classes—the traders, shopkeepers, insurance agents, commercial travelers and so on, who easily make up the remaining 732,000. Altogether, this means that on June 1, 1934, the visible and invisible unemployment in Germany amounted, as far as fairly reliable statistics go, to more than 5,250,000. But invisible unemployment in the middle classes amounts to considerably more than 732,000 persons.

About 11,000,000 Germans are generally regarded as belonging to the middle classes. Of these, more than 1,500,000 have no income at all. Among them are the above-mentioned small shopkeepers, insurance agents, agents and tradesmen who have been the victims of the ever-increasing rationalization and centralization of business into the hands of the big combines, as well as the several hundred thousand Marxists, Catholics, Socialists, pacifists and non-Aryans who have lost their positions in civil and public life as a result of the change of régime. These latter, moreover, are cut off from all forms of relief and do not figure in any unemployment statistics.

It thus appears that in Nazi Germany today at least 6,000,000 people are not earning a livelihood or producing anything. These statistics of German unemployment are strongly supported by all other available information about conditions in German industry, commerce, transport and shipping, save only those firms which are directly or indirectly benefiting from the building of the new German military machine.

The fall in the general wage level, coupled with the failure to reduce unemployment, is reflected by the fact that the total income of the German people is rapidly decreasing. While it amounted in the first half of 1933 (according to the Reich Institute of Statistics) to 23,350,000,000 marks, it fell in the latter part of the year to 22,800,000,000 marks. This decline is not altered by the fact that the value of Germany's industrial production was 1,900,000,000 marks higher in 1933 than in 1932, for this increased production, particularly in the chemical and armament industries, was subsidized by the government in an attempt to create employment. The benefit of these subsidies to the heavy industries in Germany is shown by the increase of 80 per cent in their profits during 1933, while the wages paid were reduced by 20 per cent. The profits of the Hoesch works, for example, increased from 12,500,000 marks in 1932, to 23,700,000 marks in 1933. Krupp's earned 35,300,000 marks, as against 20,300,000 in 1932.

The subsidies which made these profits possible can be traced to cuts in the expenditures for the social services, amounting in 1933 to 450,000,000 marks. Invalid insurance pension payments alone were reduced from 835,000,000 marks in 1932, to 692,000,000 marks in 1933, a curtailment of 17 per cent. Thus, while certain industrial profits have grown, the welfare of the German people generally has suffered.

Nowhere is this more vividly demonstrated than in the continuous decline in the consumption of foodstuffs, household goods and clothing. Imports of foodstuffs into Germany in 1933 were 400,000,000 marks less than in the preceding year, despite there being no increase in agricultural production. Although the prices for agricultural produce rose by 20 per cent, according to Herr Darré, Minister for Agriculture, the total income for German agriculture in 1933 was only 10 per cent above that of 1932. The increase in prices only accentuated the decrease of consumption by workers whose purchasing power fell while the prices of their necessities rose.

Food consumption in Germany during 1933 fell altogether no less than 1,000,000,000 marks. Even the Press Department of the Reich Food Institute admitted last January that Germans ate less bread in 1933 than in 1932. The stocks of wheat, rye and corn in December, 1933, were from 50 to 90 per cent greater than those of December, 1932, and the supply of milled wheat and rye also increased during the same period. More recent reports indicate that food consumption continues to decline. For example, the figures for flour milling during the first quarter of 1934 were 15 per cent below those for the last quarter of 1933.

The decline in consumption of foodstuffs continues today at an even more rapid rate than during the first year of Nazi rule. In the report of the Trade Cycle Research Institute for the week ended April 14, 1934, the sales of retail shops showed the following decreases as compared with the same week of 1933: Groceries and delicatessen stores, 6.4 per cent; dairy and butter stores, 13.5 per cent; coffee and tea stores, 8 per cent; drug stores, 8.6 per cent.

The annual report of the same statistical organization for 1933 indicates that the consumption of clothing has likewise fallen in spite of the boom in uniforms and military textile equipment. The index figures for the consumption of clothing generally, using the consumption in 1928 as 100, were

as follows: In 1932, 59.7, and in 1933, 47.7, thus showing a decrease of 12 per cent within a year.

Finally, reports prepared by the Trade Cycle Research Institute show that the aggregate business of all retail trades in the first quarter of 1934 was 12.6 per cent below that of 1933, and, furthermore, indicate that the decline in the department store sales index is continuing. Again using the sales of 1928 as the standard, the following indices are significant: In July, 1932, sales were 61.2; in July, 1933, they were 48; in April, 1934, they had fallen to 44.6.

In still other directions there is a downward trend in the economic life of the German nation. Tax receipts were 20 per cent lower in 1933 than in 1932, though there was a slight improvement in the first quarter of 1934. The income of the German Federal Railways declined 19.1 per cent in 1933 as compared with 1932. Tourist traffic was one-third less than in 1932. The postal budget reveals a fall in receipts of more than 100,000,000 marks during the year. The Reich budget itself, which has become unintelligible to most experts, indicates a drop in customs receipts of 175,000,000 marks.

As a result of the Nazi government's aggressive attitude in foreign affairs and its belief that an economically self-contained Teutonic empire can be created, Germany's export trade is in as desperate a plight as her internal commerce.

Although, through manipulation with "blocked" marks arising out of German indebtedness, the external value of the Reichsmark has been reduced to enable Germany's export industries to gain an artificial advantage in foreign markets, the German trade balance in January, 1934, was unfavorable for the first time in four years. The adverse balance amounted to $5,500,000 and had increased by March 1 to $8,750,000. The government's further restriction of imports is unlikely to restore the favorable balance in the face of a continuous decline in exports. A striking illustration of this trend in foreign trade is available. In 1932 Soviet Russia bought industrial equipment from Germany to the value of 626,000,000 marks; in 1933 Soviet purchases fell to 282,000,000 marks. German exports to Russia decreased further in the first quarter of 1934 and amounted only to 21,000,000 marks. Unless there is a sudden restoration of Soviet-German friendship, it is likely that in 1934 Germany's exports to Russia will shrink almost 70 per cent in comparison with 1933. Many other countries are cutting down their imports from Germany. France reduced her purchases last year by 400,000,000 marks and is still strictly applying her quota system. Scandinavian imports from Germany in 1933 fell 41,000,000 marks below those of the preceding year, while those of Finland declined to the extent of 6,000,000 marks.

This recent decline in German exports alone has put some 400,000 highly skilled and specialized craftsmen out of work.

Still another aspect of the German economic system has been the steady shrinkage of the gold reserve of the Reichsbank. On June 7, 1934, its gold holdings were 111,135,000 marks as compared with 351,241,000 marks on June 7, 1933. The ratio of the Reichsbank's gold and exchange reserve to its outstanding circulation fell to 3.4 per cent as against 7.3 per cent on June 7, 1933. The loss of gold, however, was not attributable entirely to Germany's unfavorable balance of trade. Dr. Schacht pursued a shrewd policy of repatriating German bonds

owned in foreign countries, thus taking advantage of the devaluation of the dollar. Military and other raw materials which Germany has been storing up for a rainy day were paid for with the Reichsbank's gold.

The conference on German long and medium terms debts which ended in Berlin on May 29 did not arrive at a satisfactory solution. And in all creditor countries Germany was threatened with reprisals on account of its partial default.

The facts set forth in this article show that the Hitler revolution has until now served the purposes for which it was engineered by German capitalism. Thyssen's investment in the Nazi movement is paying high interest. German labor has been delivered irrevocably into the hands of its exploiters. Its fighting organizations have been destroyed and Thyssen is absolute dictator of the Rhine and Ruhr. More than $1,000,000,000 has been handed in the form of tax reductions, subsidies and authorized wage reductions to the German heavy industries. The whole people are footing the bill which makes up the bribe that Hitler had to give German capitalism in return for its support in his drive to power.

After fifteen months of Nazi rule, the economic condition of Germany can be summarized as follows:

1. Prices have risen and wages have fallen. As a result, the standard of living of all wage-earners has been lowered.

2. The social services have been drastically curtailed, with the result that there has been a marked decline in the general welfare of the people.

3. There has been a rise in employment in certain industries owing to government subsidies, but even here the aggregate payrolls have been reduced while profits have been paid to stockholders and management. Taking Germany as a whole, there has been a serious decline in the purchasing power of consumers and a progressive impoverishment of a large section of the population.

4. Germany's export trade has disintegrated.

5. The German budget and statistics have become unintelligible.

6. The Germany currency is not safe and German credit is nil.

While it is true that many of the unfavorable factors in German economic life mentioned above already existed before the Nazis came to power, it is clear that conditions have become still more serious since Hitler assumed office as Chancellor. Far from improving the economic conditions in the Reich, the Nazis have not kept their promises to bring relief and their rule has but accelerated the downward trend. Though Herr Hitler can be expected to satisfy the German people with great festivals and parades this Summer, it is far more important to know if he will be able to provide for them next Winter.

Well may these questions be asked: Is Germany facing bankruptcy? And if the Nazi government is unable to cope with the ever-deepening crisis, how much longer will that government be able to prevent what now appears to be not only an inevitable economic catastrophe but also a social upheaval fraught with unpredictable consequences?

America's Outworn Criminal Codes

By William Seagle*

The reform of the criminal law has received an extraordinary amount of attention in America in recent decades. With one "crime wave" after another sweeping across the country, even the most conservative and lethargic members of the legal profession have seen the need for action and have vied with each other in formulating ideas for improvement. Law reform has come to mean, in most cases, criminal law reform.

Yet there is something highly curious about it all. The reformers have talked of criminal law reform but have concentrated merely on the reform of criminal procedure. While the substantive law of crimes and punishments remains practically unchanged, hardly a phase of the machinery of criminal investigation, trial and conviction has escaped scrutiny and considerable overhauling. Some years ago the most frequently heard complaint was that appellate courts were too ready to reverse criminal convictions on mere technicalities. At present less is heard of this evil, and attention has been shifted to others—the use of the process of indictment by a grand jury rather than the more simple information, the great freedom of bail, the caprices of the jury system, the presumption of innocence, the privilege against self-incrimination, the limitations upon the judge's right to comment on the evidence, the insanity defense. There has also been growing alarm over the enormous power exercised by District Attorneys in nolle-prossing cases.

A glance at any index of legal literature will show how completely the proceduralists command the field of criminal law reform. Journalists, editorial writers, educators and public moralists take notice only occasionally of the lag of certain elements in the criminal code, and official or semi-official crime commissions have been interested solely in procedural problems. One will search in vain the reports of the Cleveland Crime Survey, the Illinois Crime Survey, or the Missouri Crime Survey for any but procedural recommendations. The same is practically true of the Wickersham reports. A few years ago the procedural labors of several decades were crowned by a draft code of criminal procedure prepared by a committee of the American Law Institute. This monument of codification runs to 470 sections, and is accompanied by a commentary of 1,143 pages.

It might be supposed from the great interest in procedural reform that the substantive criminal law presents virtually no problems. But in actuality American criminal codes are as anachronistic as the stagecoach. They were formulated in most instances over a century ago and have remained fundamentally unaltered. Some of their provisions are so fantastically outworn and useless that it is startling to read them in current volumes

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of compiled statutes. They bespeak the habits, customs and moral attitudes of other days. Much, indeed, of the pageant of America's past is preserved in our present penal codes.

In the now well-settled and highly industrialized State of Michigan it is still a crime to incite an Indian tribe to go on the warpath. In the State of New York it is still a crime to buy land from an Indian—perhaps because some sharp New Yorker might, like Peter Stuyvesant, attempt to buy Manhattan Island from a visiting redskin. The most common form of anti-Indian crime is represented by the provisions which make it a felony to sell liquor to any Indian. Another memory of pioneer days is preserved in the penal code of South Dakota, which makes a felony of prostitution committed in a covered wagon or a prairie schooner.

The code of the duello is still elaborately regulated in all but a few States. Dueling is a crime subject to twenty years' imprisonment in Florida, Maine and Massachusetts. In many other States the maximum penalty is ten years, and if the encounter ends in death, the charge is often first-degree murder. In Florida, Illinois, Louisiana, Massachusetts, Michigan, North Carolina, Rhode Island, Virginia and West Virginia even the seconds are accessories before the fact to murder in the first degree. Most States make it a misdemeanor to post a gentleman as a coward. In most States conviction for dueling entails disqualification from office, while in Arizona, California, Florida, Nevada and Virginia duelists are in addition disqualified from voting.

Many of the penal provisions of the horse age still survive in the motor age. In Florida and Massachusetts it is a crime for the driver of a stage coach to leave his horses unattended. In about half a dozen States it is a crime to drive any vehicle over a bridge at a pace faster than a walk. Such laws, if strictly enforced, would tie up motor traffic. In a number of States it is a crime to hitch an animal to a tree or to tether a noisy animal near a church.

There are many survivals of the Puritan complex. The most familiar examples are the blue laws, which, in New England and the South, still retain much of their vigor. In Georgia it is a crime to bathe on the Sabbath in view of a house of religious worship. In Delaware it is still a misdemeanor to "pretend to exercise the art of witchcraft." Eavesdropping, which was a favorite pastime in early Puritan days, is still a crime in New York, South Dakota and Oklahoma. Peeping, which once might incur the penalty of the ducking stool, is still a finable misdemeanor in Georgia, Indiana, Michigan and North Carolina. Curfew laws may to this day be found in Maine and New Hampshire.

Many crimes which were created to cope with short-lived nuisances have remained to clutter up the statute books. Futile when first enacted, they now seem particularly absurd—as, for instance, the laws of the last generation against wearing excessively long hatpins. They represent a special form of penal legislation in which America has surpassed all other countries, and have contributed to an almost incredible degree of particularization. Because general provisions were mistrusted, American penal codes abound in specific suggestions of ways of committing crimes, and acts which must already be crimes under any reasonable interpretation of existing law are expressly termed criminal. American penal codes contain not ten commandments but ten thousand.

Even the normal law of crimes

against the State, persons and property is in a highly unsatisfactory condition. It is often permeated by feudal ideas and medieval theology, and reflects in general a degree of severity which could be justified only in days when the State was struggling for its existence and police systems were rudimentary. The criminal law of England alone is as extreme in its concepts as the American—indeed, slightly more so.

With respect to sexual offenses, however, the American criminal law is far less civilized than that of England. The hard-headed King's judges who fashioned the English common law resisted the recognition of such offenses, but American Puritans changed the common law by statute. Fornication is still a crime in a good majority of American States and in most of these the act need be neither notorious nor habitual. Adultery is still a crime in all States save Arkansas, Delaware, Louisiana, Nevada, New Mexico and Tennessee. The extremely wide range of the penalties for adultery itself reveals the absurdity of the crime. While it is punishable by a fine of $10 in Maryland and $20 in Virginia, maximum terms of imprisonment of three years may be imposed in Arizona, Idaho, Iowa, Massachusetts, Michigan, New Hampshire, North Dakota, Utah and Wisconsin, and terms of five years in Connecticut, Maine, Oklahoma and Vermont.

Not so popularly known as adultery but far more important is the crime of seduction. Seduction under promise of marriage is a felony in a majority of American States, with a maximum penalty of twenty years. When it is considered that in most States the age of the woman is immaterial, the punishment can hardly be said to fit the crime. The single standard may not be entirely accepted in current morals but certainly mature women no longer need the protection of such ferocious laws. As it is, these seduction statutes serve merely to railroad reluctant males to the altar.

The heritage of medieval theology is perhaps best exemplified in the crime of perjury. Modern lawyers recognize perjury as a crime almost as casual as smoking, but the provisions of most codes would indicate that it is a heinous offense against religion. While a number of States have distinguished perjury from a lesser crime of "false swearing," the penalties for both offenses are still too great. The most common maximum penalties are ten, fourteen and twenty years. While in some States such severe punishment is reserved only for perjury upon the trial of a felony, in others, the *minimum* penalties for such perjury are from seven to ten years. Criminal law reformers have indeed concerned themselves with this problem, proposing to reduce perjury to the status of a mere misdemeanor. But their concern is only apparently an exception to their general indifference to the criminal law. Since perjury is a crime affecting the administration of justice it is obviously of great procedural import.

There is probably no better way of illustrating the contemporary maladjustment of the criminal law than by pointing to the crime of murder. The layman probably supposes that murder is the one crime that presents no problems except, perhaps, that regarding the ethics of capital punishment. But this is a great error. At no time has there been a universally accepted conception of the most heinous homicide. One conception concerns the numerous mental elements involved in the commission of the crime, another the special circumstances attending it. The mental element which in Anglo-

American law characterizes a homicide as murder is premeditation, or, as it is called in the law books, "malice aforethought." Actually, however, neither malice nor forethought need really be established; the law often presumes them from the fact that the slayer comported himself in a reckless manner. Thus, in English law, and often in American law, a man may be guilty of murder if he has killed another in the course of the commission of any crime or even grossly negligent act, although there is no inner connection of purpose with such acts. The latter qualification, however, is required now in most other Western countries.

We can hardly rule that a man acts at his peril without encouraging him in a moment of danger to act perilously. Certainly such a standard is strongly reminiscent of the almost absolute liability of primitive law. Whatever may be said of the justice of its application to a slayer who has quite accidentally killed another in the course of the commission of a crime, it is unnecessarily harsh to partners in the crime who would have had nothing to do with such violence. There is no doubt that the whole law of accessories before the fact is greatly in need of revision.

Crimes of passion present another distinct problem, one which is treated by many continental codes by either ruling out or mitigating the punishment of a husband who has taken an adulterer in *flagrante delicto.* Many continental codes also make express provision for the case of murder upon the request of the victim, as when a relative helps a hopeless invalid to his death.

Although it will seem to many almost an act of impiety, it may be suggested that premeditation itself as a fundamental test of the worst form of homicide is largely the result of theological ideas carried on by philosophical individualism. One who kills after premeditation may be far less dangerous to society than one who kills in the heat of blood. In fact, the abandonment of premeditation as the fundamental test of murder has already begun in a few countries.

Many other sections of our penal code reveal anomalies. The frequent limitation of the crime of mayhem, for instance, to the willful injury of an eye or a member bespeaks the survival of feudal military values. A secular civilization should be able to do without the crime of blasphemy, and a civilization permeated by scientifie values should be able to dispense with the crime of obscenity. The crime of vagrancy, which is still aimed at "sturdy rogues and vagabonds," needs redefinition and new safeguards in an era of mass unemployment. In four States—Florida, Maine, New Hampshire and Massachusetts—"common pipers and fiddlers" are still classed as vagrants. In about half our States three persons acting in disorderly concert may still be guilty of the crime of riot, and in Arizona, California, Colorado, Georgia, Idaho, Illinois, Indiana, Nevada and Utah the crowning absurdity has been achieved in reducing the number to two.

In view of the state of the American criminal law the failure to probe its foundations seems rather remarkable. While it is true that there have been periodic "revisions" of American criminal codes, they have not been deep-reaching or systematic but mere recompilations by which repealed sections were eliminated and new sections added. Such jobs, moreover, have been entrusted to political hacks rather than to jurists. In some American States there has not even been that limited revision of the criminal

law accomplished in England from 1861 to 1910, when, by a series of enactments, obsolete statutes were eliminated and the law of some of the major offenses was stated in such a manner as to constitute partial codes. Of such thoroughgoing pieces of codification as the recent Italian or Russian penal codes there has not even been talk in the United States. At most, a few States, like New Jersey, Maryland and Ohio, have removed some of the more fantastically antiquated provisions from their statute books.

Admittedly, our Legislatures (as distinguished from law reformers) have been greatly concerned with the problem of penalties. Faced with a mounting crime wave in the prohibition era, the lawmaking bodies felt that something had to be done. The result was the Baumes Law in New York and its analogues in other States. But, unfortunately, the increase in the severity of penalties meant a penological reaction rather than an advance. The history of the criminal law shows that the certainty of punishment is far more important than its severity, and that the path of successful reform lies in the direction of a decrease rather than an increase of penalties. It is true that American codes no longer list several hundred crimes punishable with death. But there still are at least that many crimes punishable by unnecessarily long terms of imprisonment.

Yet it is easy to understand why the logical step of a new codification has not been taken. It is significant that the two most coherent of modern penal codes have come from Italy and Russia, the two oldest authoritarian régimes. Similarly, in an earlier day, revolutionary France gave to the world the most influential of modern penal codes, but it is now almost as hopelessly antiquated as the American. Western democracies are in an era of transition, and such a period is highly unfavorable to penal codification. The criminal law is peculiarly the depository of the results of social conflict and adjustment, and American political and economic issues are still uncrystallized.

Some adjustment of the criminal code, however, has been unavoidable. Difficult to attack directly in a period of transition, the criminal law has been undermined in numerous ways, and methods of evasion have been discovered in the opportunities of criminal procedure. The conversion of criminal law reform into procedural law reform has been the result. Starting from the assumption that it did not make much difference whether superannuated and useless provisions continued upon the books, criminal law reformers have become dominated by the ideal of law enforcement rather than the ideal of law. Abstract law enforcement may sometimes be demanded by laymen, but it has been regarded lightly by the procedural sophists. The latter have regarded the criminal code as nothing more than an arsenal of weapons from which the agents of prosecution might select at will the most suitable instruments for dealing with public enemies and malefactors.

It cannot be denied that the substantive criminal law may be refashioned to a certain extent in the course of administration. The distinction between substantive and procedural law is artificial. Nevertheless, the criminal law can be only partly circumvented, and often there is no ground of compromise. The criminal law must be strictly enforced or not at all. The attempt to select introduces an incalculable element of caprice into public prosecution, and the existence of un-

enforceable laws creates a public spirit which embarrasses the enforcement of necessary laws, especially when there exists so deeply ingrained a habit of lawlessness as there is in America.

Further adjustment of the criminal code is to be expected from the jury system. But juries have often refused to be reasonable. They have not only reached compromise verdicts but failed altogether to convict, particularly in cases of first degree murder in which the state of facts makes only one verdict possible. In this way individuals who are highly dangerous to society and who should certainly be subjected to some degree of penological treatment often escape all punishment.

A recent sensational trial offers a case in point. A girl smuggled a gun into jail for her lover. In using it in his attempt to break out, he shot and killed a guard. The girl was thereupon tried for murder as an accessory before the fact. Her defense was the transparent fiction that she had taken the gun into the jail to execute a suicide pact between herself and her lover. Yet the jury very naturally found her not guilty, and she escaped merely because the penalty of the law was too harsh. She had probably not expected that the gun would be used to kill.

In recent years the office of the public prosecutor has become an even more important agency of adjustment than the jury. The acceptance of lesser pleas by District Attorneys must be regarded as inevitable despite the indignation and alarm which it has precipitated. Although the blame for the existence of the practice is usually put upon the jury system, the ultimate cause is the state of the criminal law itself. Plea bargaining would be less objectionable if District Attorneys were all absolutely incorruptible and above suspicion. But that there is usually an intimate connection between the office of the District Attorney and political headquarters is notorious. The discretion of the District Attorney should be limited, but cannot be as long as the criminal law remains in its present condition. This avenue of escape for the accused must be kept open even though it facilitates the exercise of political influence upon criminal law administration.

The caprice of the District Attorney, however, may be exercised in dealing with not only ordinary criminals but so-called radicals. Every now and then some ancient provision of the criminal code is invoked against some person with unorthodox views. A famous case about a decade ago was that of the director of the American Civil Liberties Union who was arrested under a New Jersey statute of 1796 for "riotously, routously and tumultuously" making and uttering "great and loud noises and threatenings." Southern prosecutors have recently discovered that Northern labor organizers may be convicted for inciting to insurrection under laws passed against the carpetbaggers after the Civil War. Occasionally even liberals are arrested for blasphemy. The vagrancy laws are quite commonly invoked against troublemakers of all sorts.

It is no wonder that the criminal law reformers busy themselves with procedural reform. It seems natural to correct errors of procedure when acquittals occur in the course of administration. If criminals are not convicted it is easy to put the blame upon such an absurd defect as the presumption of innocence. If juries so often allow the guilty to escape perhaps it is due to the requirement of unanimous verdicts. Yet, obviously, these

are at most only contributory factors. It is particularly astonishing that there should be so much attention paid to procedural reform in the United States when its possibilities are so limited. The basic conditions of prosecution are laid down in almost unalterable State and Federal constitutional provisions.

One group of reformers, the scientific criminologists, has indeed vigorously attacked the criminal law rather than procedure. But these reformers have regarded not only American criminal codes but all criminal codes as farragos of nonsense and superstition. They have opposed the whole scheme of fixed crimes and punishments, regarding as absurd the attempt to measure in advance the probable duration of time required for the reformation of an individual. They have even proposed to do away with the criminal law entirely and to substitute the psychiatrist for the judge. As criminologists these reformers may be right in the abstract, but they have shown a woeful lack of sense in appreciating the political basis of the limitations of the criminal law. *Nulla poena sine lege* (no penalty without a law) is a maxim which has been established only after a long struggle against arbitrary imprisonment, and nobody has thought seriously of abolishing it. Although the criminologists have not been able to alter criminal law, they have brought about the wide adoption of supplementary institutions such as probation and parole. These measures have helped to individualize punishment without our surrendering the safeguards to society which are contained in the criminal law.

Thus, although the criminologists have been active critics, even their efforts have not resulted in reform, and have merely accentuated the prevailing disregard of the criminal law. For the most part, criminological reforms as administered within the framework of the corrupt American political system have proved abortive and disappointing. At any rate, probation and parole, which come into operation only after conviction, cannot affect the process of conviction itself. The possibility of stringent penalties as well as the inclusiveness of criminal concepts still make it difficult to convict, and hence again many dangerous criminals escape the hands of both the law and the criminologists.

The criminal law of the United States, like that of other Western democracies, rests upon the foundations of moral responsibility and a fixed scale of crimes and punishments. The social conditions of the twentieth century prevent the realization of the precepts of scientific criminology. The time may not be ripe for criminal law reform. But when the time does come, results will certainly not be accomplished by a mere tinkering with the machinery of enforcement. There is no escape from the criminal law itself, and a revision of this alone can produce the desired effect.

Our Wealth of National Parks

By DOROTHY DUNBAR BROMLEY

IF *patriotism were to be defined as knowledge and appreciation of one's country—its physical characteristics as well as its history—how many of us could claim to be patriotic Americans? How many of us are aware, for instance, of what our national parks offer in the way of mountain scenery, natural phenomena of every variety and prehistoric exhibits of great scientific interest? How many, too, know how the number of national historical sites under the same administration is growing? Yet the parks and monuments created from time to time by act of Congress now constitute a vast government undertaking, preserving "forever for the people" the country's chief beauty spots and most magnificent mountain areas, and comprising at present approximately 23,000 square miles.*

The national park idea was born sixty-four years ago around a campfire near the junction of the Firehole and the Gibbon Rivers in what is now Yellowstone National Park. This region was then a wilderness, inhabited by Indians, but it had been made famous by the stories which had been told about it. A trader and trapper by the name of Jim Bridger, a well-known character of the period, claimed to have caught fish in a cold stream and cooked them in a pool of boiling water alongside the stream. He talked also of petrified forests and petrified leaves, and, to embellish his story in the true Western fashion, he swore that he had seen petrified birds singing petrified songs. The very incredibility of such stories kept explorers looking for profit from the region.

In 1870, however, the Washburn-Langford expedition was organized at Helena, Mont. This party of nine settlers was greatly impressed by the geysers, the hot springs, the boiling mud pots, the lake, the canyon and the waterfalls, and as they sat around the campfire one night they fell to discussing the commercial possibilities of the discoveries they had made. They saw themselves becoming wealthy men overnight, when Judge Cornelius Hedges held up his hand. "These great natural wonders," he said, "must never fall into private hands." It was his idea that the region should be converted into a national park, and the others in the party then and there pledged themselves to forego any claims of their own. Upon their return to Helena the group raised money to help send one of their leaders, N. P. Langford, to Washington. As a result of their efforts an Act of Congress was passed on March 1, 1872, setting aside forever an area approximately 62 miles long and 54 miles wide "for the benefit and enjoyment of the people." Mr. Langford was made the first superintendent of the park and served in that capacity for five years without pay.

Yellowstone was the first national park. Forty years earlier Congress had reserved the Hot Springs area in Arkansas, but it was not opened as a national park until 1921. The Yosemite Valley had been discovered in 1851, but in 1864 Congress had ceded

the valley and the Mariposa Grove of Big Trees to the State of California. In 1890, however, Congress made a national park of the high mountain peaks, glaciers, forests, valleys and waterfalls of the Sierra Nevada. Since the State still held title to the valley containing the great falls and the big trees, there were many conflicts of administration, but finally in 1906 the State deeded the valley back to the Federal Government. Yosemite Park now covers an area of approximately 1,170 square miles, and is exceeded in size only by Yellowstone, Mount McKinley and Glacier National Parks. In the same year that Yosemite was made a park, Sequoia National Park was formed in middle-eastern California. The General Grant National Park of four square miles was also set aside in 1890. Next to be brought into the national park system, in 1899, was Mount Rainier, a fitting companion for Yellowstone and Yosemite, with its 28 glaciers from 50 to 500 feet thick covering 48 square miles, and its subalpine flower beds.

Practically every one of the national parks is a monument to the vision of some one man or small group of men. In 1885 William Gladstone Steel, a school teacher, came upon Crater Lake in the heart of the Cascade Mountains of Oregon. This lake of an unbelievable blue is set like a jewel in a mountain top whose slopes of lava show that the mountain was once much higher. Steel determined to have a national park made of it, and for twenty years he fought the sheepherders and lumber men. When the bill was finally passed in 1902, many of the wild flowers had been destroyed by sheep. Credit should go to Mr. Steel, who has since become United States Commissioner for the area, for having preserved what many consider our most beautiful national park.

The struggle over the Grand Canyon was long-drawn-out and dramatic. As early as 1885 Benjamin Harrison, then in Congress, introduced a bill to convert it into a national park, but placer mining claims blocked the project. A prospector named Ralph H. Cameron had filed several hundred claims covering twenty acres each along the river and the rim of the canyon for the express purpose of controlling the entire area. Finally, in 1908, President Theodore Roosevelt put a stop to the mining-claim development by declaring the Grand Canyon a "national monument." His authority was an act passed by Congress in 1906, authorizing the President to "declare by public proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest that are situated upon the lands owned or controlled by the Government of the United States to be national monuments." The applicability of this act to the Grand Canyon was questioned, but the courts upheld the President. Cameron's next move was to get himself elected to the United States Senate, but his seat there did not prevent the Supreme Court from ordering him out of the Canyon definitely in 1926.

While the national parks were being rapidly extended, their administration was at loose ends. After the early days, when men like Langford and Steel, who were responsible for the creation of the parks, served as superintendents, political appointments were made. This system proved so disastrous that even Congress saw its dangers, and so the War Department was put in charge of the operation of the larger parks, though they remained under the jurisdiction of the Department of the Interior. Fortunately the successive Secretaries of the Interior and their assistants stood

'om the first against commercial :tation of parks. Yet park busi- vas attended to by clerks in the tment and there was no unified Finally, in 1910, the year of the ition of the great Glacier Na- ; Park, with an area of over square miles, Dr. J. Horace Mc- nd, president of the American Association, launched a cam- for the creation of a National Service as a separate bureau in)epartment of the Interior. This vas achieved when Franklin K. became Secretary of the Interior · President Wilson.

; act which Congress passed on 25, 1916, gave the officers of Vational Park Service authority omote and regulate the Federal known as the national parks, ments and reservations in such ' as "to conserve the scenery and atural and historic objects and 'ild life therein, and to provide ie enjoyment of the same in such er and by such means as will them unimpaired for the enjoy- of future generations."

:h broad powers might easily been abused had not the first or of the service been Steph·n ather, a Californian who was a lover of the out-of-doors and mber of Theodore Roosevelt's al group of conservationists. · Mr. Mather and Horace Al- :, who succeeded him in 1929 serving as his assistant for : years, the service has been free :he taint of politics. A. B. Cam- , the new director, is also a vet- n the service.

officers of the service in devel- a policy of preserving for the the unique and the superlative- .utiful regions of the country rom time to time prevailed upon :ss to create new national parks. The Rocky Mountain National Park of 405 square miles in Colorado was added because this region, with peaks from 11,000 to 14,000 feet high, is the veritable heart of the Rockies; the Lassen Volcanic Park of 163 square miles in Northern California because it contains the only recently active volcano in the United States proper, with a cinder cone 6,913 feet high; Hawaii National Park because of its active volcanoes and its tropical plant life; Mount McKinley National Park of 3,030 square miles in Alaska because the mountain, 20,300 feet above sea level, is the highest peak in North America, and because the surrounding region constitutes the largest wild game retreat on this continent; Zion National Park in Southwestern Utah because of its magnificent gorge; Bryce Canyon in the same State because its box canyons contain fantastically eroded and vividly colored pinnacles; the Grand Teton National Park in Wyoming because the Rockies here most closely resemble the Alps, with abrupt and stupendous outcroppings of granite; Carlsbad Caverns in New Mexico because of their beautifully decorated limestone caverns, believed to be the largest yet discovered; Mesa Verde National Park in Southwestern Colorado because it contains the best preserved prehistoric cliff dwellings in this country, if not in the world.

Acadia National Park on Mount Desert Island and the adjoining mainland in Maine was added in 1919 because of its spectacular scenery, with granite mountains meeting the sea and because its fiords, fresh-water lakes and rare flora distinguish it from other Eastern woodlands. The Great Smoky Mountains National Park was added to the system still more recently, in 1930, because the Great Smokies are the most rugged

and superb of the Appalachians. And the acreage for the proposed Shenandoah National Park in Virginia has been acquired by the State of Virginia and will probably be turned over to the Federal Government this Summer.

Congress has also authorized the acquisition of Mammoth Cave in Kentucky and Isle Royale on the northern coast of Michigan. A bill to create a national park in the Everglades of Florida was defeated by the Seventy-second Congress on the score that the country had already put too much money into Florida, but the Seventy-third passed the measure, and it was signed by President Roosevelt on May 30, 1934.

Now that most of the land in the country is privately owned, the creation of a national park is not so simple as it was when the government still held vast stretches of mountain territory. Under the law the National Park Service may not buy land to create a park; it can, however, accept donations from States, municipalities or individuals, and it may buy land to improve existing parks. Fortunately, the various States have been eager to have national parks created within their boundaries, while men of wealth have shown great public spirit and vision in deeding park lands to the government. When the Great Smoky Mountains Park was projected, John D. Rockefeller Jr. offered to give $5,000,000 toward the purchase of the land if the States of North Carolina and Tennessee would match his donation. Today 394,000 acres have been purchased, but Congress has specified that no extensive development of the park may be undertaken until 427,000 acres have been acquired. Purchase of the Shenandoah National Park in Virginia was made possible by appropriations of the State Legislature, and by thousands of small contributions, in addition to $175,000 given by Mr. Rockefeller Jr. and $50,000 from Edsel Ford.

One of Mr. Rockefeller Jr.'s most interesting contributions to the national parks was a series of museums in Yellowstone Park, which illustrate the natural wonders of the park and compare them with similar phenomena in other parts of the world. He endowed still another museum in Yosemite Park, while Congress has since appropriated money to build similar museums in the other large parks.

The task in developing and administering the national parks is to make them at once playgrounds for people on vacation, a laboratory for scientists and nature lovers and a refuge for future generations. That they are exceedingly popular as playgrounds is proved by the number of those (approximately 3,000,000) who visit the parks west of the Great Plains every year. Although all types of accommodations are provided and everything is done to make things pleasant for visitors, great areas of the parks have been left in their primitive state. When automobiles were finally admitted to Yellowstone in 1915, only a few main highways were built, and today but 10 to 15 per cent of the park may be seen by motor. In the other parks, too, over three-quarters of the land has been preserved in its wild state for the benefit of nature lovers and scientists.

The sight of great natural riches going to waste, that is to say, not producing dollars and cents, was more than commercial interests could stand. In Yellowstone the Park Service from the beginning has had to fight to keep the irrigation companies out of the area. Only recently, when Secretary Ickes took office, the State of Mon-

tana petitioned for the right to develop Yellowstone Lake, and was flatly refused. In the early days promoters angled for perpetual leases on sites surrounding the natural features, tried to get the right to build a funicular railway in Yellowstone and wanted to cut the park in two by running a railroad across it. But the coveted rights to the land surrounding the natural features were never ceded by the government, and today the leases of the hotels and camps are limited to twenty years and may be revoked at any time upon failure to comply with Park Service regulations.

Yosemite is the only one of the parks that has been invaded. After twenty years' litigation the city of San Francisco won the right to build a dam and create a water reservoir in the Hetch-Hetchy Valley in the north-central part of the park. The development, which was bitterly fought by John Muir, Robert Underwood Johnson and others, has marred the natural beauty of this section of the park.

The national parks have been conserved only through constant vigilance. When during the war the sheep men claimed that they needed the wild flower fields of Mount Rainier for grazing, a Washington organization called "The Mountaineers" came forward and said: "If you must have more grazing land please consider our golf clubs and gardens before you touch our virgin wild flower fields." Whenever one of the parks has been threatened with exploitation the director has taken the position that if the natural features of the area are sufficiently important or beautiful to have been placed within a national park by an act of Congress, they should forever remain there, regardless of their commercial value.

The recent Senatorial hearings over the Jackson Hole controversy illustrate the obstructionism which the Park Service has encountered time and again. The Grand Teton National Park in Wyoming, when formed in 1929 was a shoestring park of 96,000 acres, and it was desirable to add to it between 30,000 and 40,000 acres privately owned in the Jackson Hole country. The Park Service was anxious to preserve this great bowl surrounded by mountain ranges and also to protect its 20,000 head of elk. When John D. Rockefeller Jr. offered to buy the land for the government, it was asserted by certain Wyoming interests that the Park Service had conspired with him to prevent the commercial development of the region and that homesteaders were being harassed into selling their property. Yet it was shown at the hearings at Jackson, Wyo., in August, 1933, that a fair if not a generous price was paid in every instance. The region has never been extensively developed, so that the loss to the merchants through the disappearance of a number of ranches will be more than compensated by the expenditures of tourists who will visit this new national park area. The upshot of the hearings was that four out of five of the Senators on the subcommittee voted to exonerate Mr. Rockefeller and the Park Service of any improper motives.

If an expansionist policy is justified in any government undertaking, it would seem to be justified in the National Park Service. For too many years the preservation of national historical sites of the first importance has been neglected, or left to private organizations. It is a national disgrace that Mount Vernon should have been allowed to fall into disrepair after 1830 when the Washington family could no longer keep it up, and that

the salvaging of the mansion and grounds should have been left to the Mount Vernon Ladies' Association.

The first national shrine to have been developed by the Park Service was Wakefield, the Virginia estate where George Washington was born. It was dedicated two years ago in connection with the Washington bicentennial celebration. On the site of the original house, which was burnt in 1780, the Park Service, in collaboration with the Wakefield National Memorial Association, has erected a brick Colonial house corresponding to the extant descriptions of the old mansion. On another tidewater farm close by, the original John Washington settled in 1657, and in the family burial plot on the Wakefield estate are interred the bones of thirty-one of Washington's American ancestors, but not those of his mother. The estate is laid out as it was originally, even to the flowers in the old-fashioned garden—the same as those that bloomed there when Washington was born.

Only a few hours' drive from Wakefield, at Jamestown, Williamsburg and Yorktown, sites and buildings which commemorate successive chapters in our Colonial history have been preserved under the name of the Colonial National Monument. A still more important acquisition to the Park Service is the Morristown National Historical Park, dedicated in July, 1933. In the old Ford house, a beautifully preserved mansion, Washington had his headquarters in the Winter of 1779-1780. In the mansion may be seen today what is probably the outstanding collection in the country of Washington relics. It has been preserved by the Washington Association of New Jersey, and has now been deeded to the government. Through the generosity of Lloyd W. Smith and of the town of Morristown, the Park Service has also come into possession of the Jockey Hollow area, where the Continental Army lay encamped for two Winters, as well as the site of Fort Nonsense.

The labors of the National Park Service as guardians of our historical treasures have only begun. Under the government reorganization order of June 10, 1933, the service was converted into the Office of National Parks, Buildings and Reservations, and as such it inherited from the War Department all the national military parks—including Gettysburg, Vicksburg and Chickamauga—the Lee Mansion in Arlington Cemetery, the Ford Theatre in Washington, the house across the street from the theatre where Lincoln died, and, most important of all, Lincoln's birthplace in Kentucky. More recently the name of the National Park Service was restored. We may be sure that all public funds which the service expends to preserve and add to our national heritage, whether scenic or historic, will be spent "for the benefit and enjoyment of the people."

Color in Modern Life

By ALEXANDER BAKSHY*

RUSKIN somewhere in *The Stones of Venice* says that "the purest and most thoughtful minds are those which love color most." This is a statement with a good many implications, and not all of them square with what we feel about this presentday industrial society of ours. Color has, of course, come to hold an enormously important place in modern life, but exactly what is that place?

One of the outstanding complaints against the industrial civilization of the nineteenth century was that it plagued the world with squalid tenement houses, dingy workshops, drab clothes and ugly machine-made articles of everyday use. By and large, the charge holds good of our own age as well. In industrial communities the homes and surroundings of the greater numbers of population are still distressingly dreary and ugly. Yet in one respect there has been a striking change, a change which in the United States in particular has been both vast and far-reaching. In a thousand ways our life has been invaded by prismatic color in all the endless variety of its shades and combinations. Conspicuous mainly in the life of the more prosperous, it has nevertheless also filtered into the humbler homes through the gayly tinted articles of mass consumption. Even the streets and houses of our cities have taken on a gayer aspect because of the more plentiful use of color on exteriors. One might almost imagine that after a century of complacent resignation to his drab surroundings the average citizen suddenly grew conscious of their ugliness and began to paint them in all the hues of the rainbow.

The surprising fact is that the average citizen himself never took any serious steps to regain the beauty of color. He never shouted: "I am sick and tired of these dull and dirty tints. I must have color that is jolly." Yet chromatic color did come into his life because chemists and electricians discovered the means of producing color in large quantities and cheaply, and because the manufacturers of many articles found in color a new allurement for buyers. Of the two, the latter deserve the larger share of credit for the modern vogue for color. By some paradoxical process of evolution the industrial system which began by destroying the color in which previous generations indulged and substituting for it a cult of plain and unadorned utility, came to regard it as the most effective weapon in the armory of salesmanship.

So great has been the value of color as a promoter of sales that often it has been used to disguise the poor quality of a product or to create an impression of quality that did not exist in fact. One need only recall the artificial coloring of mineral waters, jams and candies, or the striking tints of various toilet preparations. In the latter case, what chance would there be to sell simple mixtures of water

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or alcohol and cheap chemicals at fancy prices without those mysterious and lovely colorings obtained with a few drops of aniline dye? There is no need to dwell at length on this abuse of color. Like hypocrisy, it is the tribute that sin pays to virtue. And for once it will be found that perfectly virtuous color has a tale to tell that is vastly more interesting.

One may start, perhaps, with the revolutionary change that has transformed the dreary-looking, old-fashioned kitchen into the bright and playful room that is the kitchen today, even in moderately prosperous homes. Colored wall tiles, colored stove, sink and refrigerator, colored tables and chairs, colored containers and china on the shelves, colored linoleum and colored utensils and ornaments combine to lend the modern kitchen an atmosphere of cheerful cleanness that ought to make the labor of cooking almost a joy. To be sure, the labor-saving appliances of today have sufficient attractions of their own to make a direct appeal to the modern housewife. Yet there can be little doubt that most of them find their way into her kitchen all the more readily because of the alluring pastel tints with which the manufacturers, always shrewd judges of feminine psychology, have cunningly provided them.

Nor does color stop at the kitchen. In these days interior decoration in general is largely a matter of color effects, and it is the manufactured tiles or wallpaper, linoleum or rugs, furniture or glassware, drapes or lamp-shades, bedspreads or bedsheets and pillow-cases that supply the elements for any combination of colors that may be desired. Other articles of everyday use in which color is deliberately stressed as a merchandising stimulant include automobiles, typewriters, rubber and leather goods, stationery, wrapping paper, cellophane, umbrellas, clocks, safety razors, cigarette lighters, fountain pens and so on and so forth.

But nowhere does color reign so surely and resplendently as in textiles. In fact, the industry could not get along without color. Not only are dyes adapted to such different materials as cotton, linen, silk, rayon and wool, but they are constantly subject to ever-changing fashions in tint and tone. The innumerable problems of fastness and matching require the constant study and research of specialists of the highest training in the United States, especially since the war, when it became extremely difficult to obtain dyes from Europe. This, however, forced a solution of the constantly recurring problem of fixing uniform shades of color with the seasonal changes of fashion. The solution came in 1915, when the Textile Color Card Association of the United States was established, which has fixed the standard colors in its "Standard Color Card of America," and in addition issues seasonal cards twice yearly, for Spring and Fall fashions.

The Standard Card lists 128 colors, all designated by permanently established names and four-figured numbers. The numeral system indicates the blends and strength of three colors used, on the basis of nine principal colors and nine degrees of strength. Thus "Turquoise" marked as "S. 6153" represents blue as principal color, white as principal blend, green as secondary blend and a strength "3" which stands for "light." Although most of the names in the card are borrowed from natural objects, there are a few among them such as "Mermaid," "Horizon," "Hunter" and "American Beauty" which bring to

mind such fancy names as "A Stifled Sigh," "Superfluous Regrets," "Sustained Sentiments" and "Momentary Agitation" which at one time adorned the creations of textile art in France.

In providing the American textile industry and dealers with indispensable guidance in the manufacture and ordering of colors, the American Color Card Association has also protected them against the domination of foreign fashions. A British textile representative recently remarked that the absence of a similar institution in his country had made it dependent on French color fashions and placed it in danger of losing its foreign markets for textiles. It would seem that, after all, trade does follow the nation's colors.

The decorative appeal of color in stimulating sales is not confined to the goods themselves. It is equally potent in that branch of salesmanship which, as advertising, runs ahead of the product to scout for the possible purchaser. Just as overproduction turned the American manufacturer to an ever-increasing use of color, so the more intensive advertising in magazines and newspapers has made color its most conspicuous feature. Here, because of the technical difficulties of printing newspapers in colors, magazines have run ahead of newspapers, though the latter have gradually been catching up, especially in their Sunday rotogravure sections, as can now be seen, for example, in *The New York Times*.

Next to magazines and newspapers, color in advertising is particularly prominent in posters and billboards. Much as we may deplore their indiscriminate use, posters and billboards blazon forth the arresting appeal of color wherever we turn our eyes. Less objectionable, perhaps, are the colored lights which have been transforming the principal streets of our cities into a fairyland of scintillating glamour—particularly the electric gas-filled tubes of various colors, with their soft glow and easy adaptability to any desired pattern. Entire buildings, moreover, are sometimes illuminated by flood-lighting for advertising purposes and lend enchantment to the urban scene at night.

A more important application of color to architectural exteriors is that provided by building materials. American architects are still unduly reticent in the use of color. Nevertheless, there have been some venturesome efforts in this direction, the most notable among them being the Wetzel Building in New York, with its tile pattern spreading over the entire façade, and the Union Trust Building in Detroit, in which brick, terra cotta and wall tile are used to produce a combination of color surfaces of twelve different tones. Then, too, there is the Radiator Building in New York, a pioneer of color in architectural decoration, even if the black and gold scheme of its tower cannot be called a particularly happy choice. In smaller country houses with stucco walls color has been used more widely and with considerable effect, but never yet as lavishly and gayly in the United States as in the smaller towns of Southern Europe.

Only a passing reference can be made here to the use of color as a means of artistic expression. In the art of painting, apart from the division of color discovered by the Impressionists and the ability of color to produce the effect of three-dimensional form, the contribution of our industrial age has been mainly quantitative, expressing itself in the greater cheapness of pigments and the consequent overproduction of mediocre paintings. Not so in the art

of the theatre. There, colored electric light and artist's pigments have added a new element of beauty, which, however, has at times threatened to be unduly dominant. All the same, opportunities have been provided for delight in visual beauty, purely decorative or dramatic, impossible in the sun-lit or gas-lit theatres of the past.

An art form that owes its origin entirely to our technical progress is so-called "color music." Since the beginning of this century there have been many attempts to devise a keyboard instrument whereby color harmonies and shapes could be projected. The inventor of one such instrument and exponent of its art is Thomas Wilfred, who has given convincing demonstrations of the possibilities of this medium. But this art is still in its rudimentary stage and is still groping for principles that would establish it as an independent art form.

Of vastly wider application has been the use of color in such mechanical arts as printing, photography and motion pictures. In all of them the principal aim is to secure a faithful reproduction of the original material with which they deal, thus making color one of the means in their approximation to visual reality. In photography and the making of motion pictures the goal is still far from attained, although some processes have achieved a measure of success. In printing, on the other hand, the technical advance has been great. The development of color printing has had a tremendous influence on modern culture, for it has become the principal means by which the knowledge of art reaches the masses of the people. Granted that the illustrations in popular magazines are often of a low order, there are often excellent reproductions of the masterpieces of the past and of contemporary works of distinction. In some branches of printing art, too, for instance in poster work, the artist can come very close to original creative work. Thus a new and important, if unduly commercialized, medium has been added to the artist's means of expression and his ability to disseminate appreciation of art among the people.

The application of color in developing our taste for more beautiful surroundings and better works of art is not its only function. After invading our homes and streets, color is now knocking at the door of the last citadels of industrial drabness, the factory and workshop. It is true that where the door opens to it, it is let in for other reasons than its appeal to the sense of beauty. But let in it is, and it seems the time is not far off when it will be as common in our workshops as it is in our homes. Thus, we read in a bulletin entitled "Forging Ahead During the Depression," which was issued by the Department of Commerce:

"Among the many successful shoe manufacturers is one whose maintenance of sales volume is the more notable because he has stressed quality and not reduced prices below the profit point. This concern, to keep workers on the payroll, painted machines and equipment in gay, bright, and where moving machinery was concerned, in contrasting colors. All the colors of the rainbow were used. Employes took pride in voluntarily keeping clean the machines, floors and immediate surroundings. The surprising result of this effort to provide work was that it became an important factor in the profitable operation of the business."

This is not an isolated example. There are similar reports of other plants. What is more, this develop-

ment has affected the workers' personal appearance. One shoe factory reports that "over 50 per cent of its women employes purchased green smocks with red trim as soon as the machinery was colored." Another, a radio tube factory, found that many of its employes "voluntarily bought dusters to harmonize with the colors of the machines."

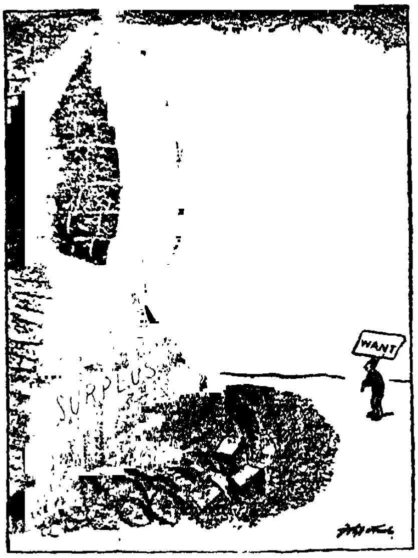
Turning now to the part played in American economic life by the manufacture of color, we find that the dyestuffs industry in the United States is almost entirely a post-war development. Before the war about 90 per cent of the American consumption of dyes was supplied by foreign countries. In 1930 imports supplied only 18 per cent of domestic consumption in value and 6.2 per cent in quantity. The United States now also carries on an important export trade in dyes. In 1930 it exported 28,267,340 pounds valued at $6,245,830, as against imports of 4,114,882 pounds valued at $3,500,151.

But these figures do not indicate the full extent to which the manufacture of color is intrenched in the economic life of the United States. Dyestuffs are made from so-called intermediates, which in turn are prepared from the coal-tar crudes. The chemical research in coal-tar products, which is part of the basic organization of the dyestuffs industry, has to be carried on, if the progress of the industry is to be maintained, in both good and bad times. In 1930, for instance, $3,432,000, or 5.3 per cent of the total sales of dyestuffs, was expended for the purposes of research in the United States.

Coal-tar intermediates when subjected to chemical treatment can yield a variety of products which differ from dyes only in their molecular structure. The same intermediate, for example, will produce sulphur black and picric acid, the latter a powerful explosive. In the same way other intermediates can produce either dyes or explosives and poison gases (trinitrotoluene, or T. N. T., and mustard gas are two of them), drugs, synthetic resins, tanning materials, photographic chemicals, perfumes, flavors, &c. Moreover, intermediates themselves are used as accelerators in the vulcanization of rubber, as insecticides, germicides, camphor substitutes, and in concentrating ores.

All these vast developments, with their profound influence on the life of our industrial society, have been brought about by a psychological trait as seemingly unimportant as our preference for gay and pleasant color. And now that this preference which lay dormant so long has been awakened and we are becoming increasingly color-conscious, does it mean that some sort of radical change is to be expected in our general attitude toward life? It has been said that color stands for emotionalism, form for intellectualism. The emotional East wallows in color. The intellectual West worships form. Are we then heading for a civilization ruled by emotion rather than intellect? Or is it "the purest and most thoughtful minds" that love color most?

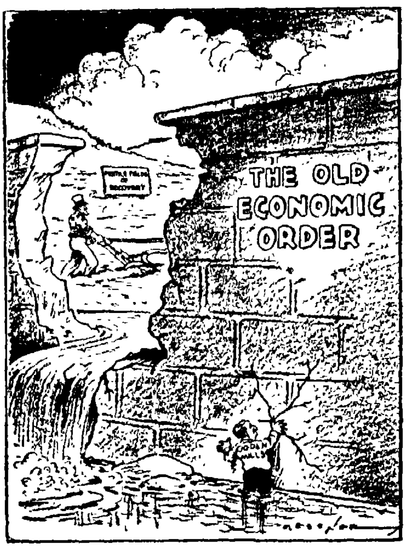
Current History in Cartoons



The riddle of the American sphinx
—St. Louis Post-Dispatch



Rescue!
—Boston Evening Transcript



Still holding the dike
—Knickerbocker Press, Albany



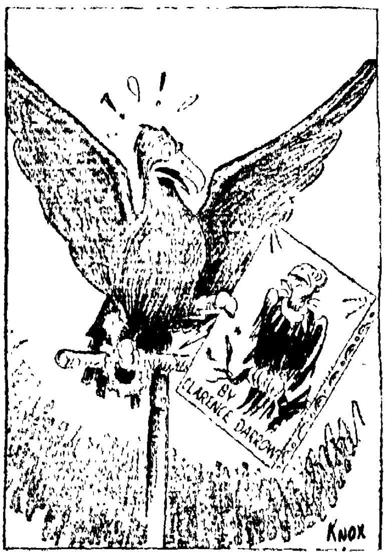
A new recruit to the Southern chain gang
—Kansas City Star



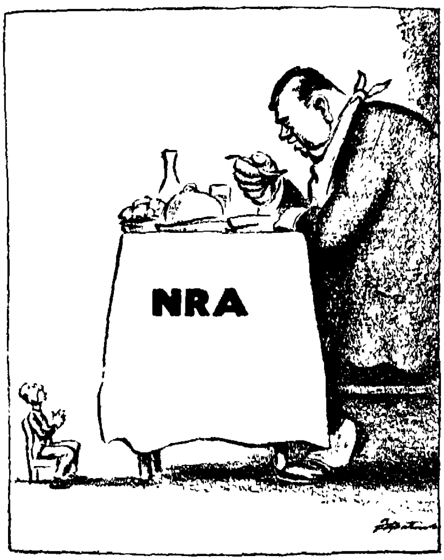
A shotgun marriage
Richmond Times-Dispatch



Looked for a while as if we almost had a customer
—*St. Louis Globe-Democrat*



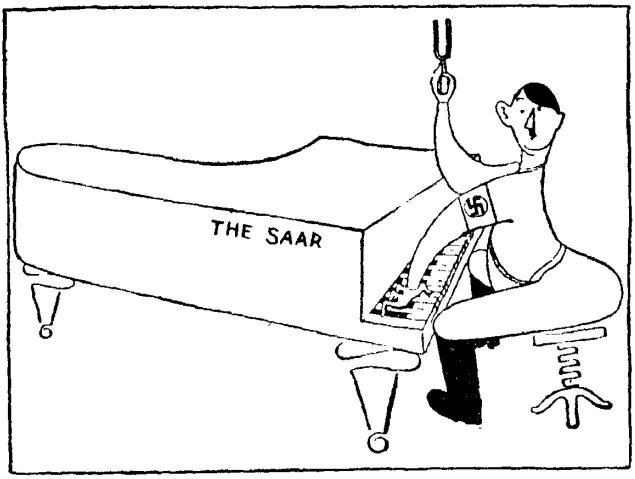
Who? Me?
—*Commercial Appeal*, Memphis



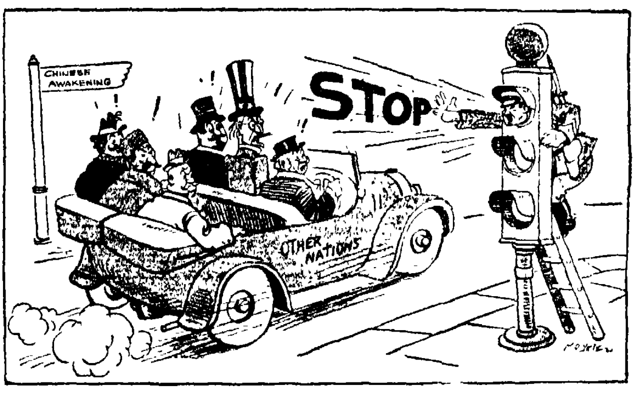
What Mr. Darrow found
—*St. Louis Post-Dispatch*



An Italian view of the salesman from Japan
—*Guerin Meschino*, Milan.



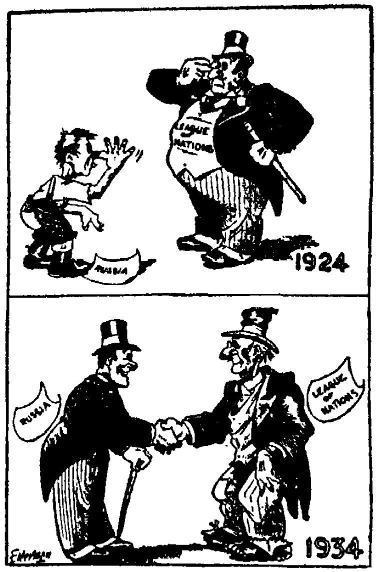
"The Saar is now in tune, so let us pass to Alsace-Lorraine"
—*Simplicus*, Prague



The Japanese traffic cop
—*Birmingham Gazette*



The king of racketeers
—*The New York Times*



In a brief ten years!
—*Providence Journal*



Can it stand another run through the mangle?
—*Evening News*, London

A Month's World History

The International Outlook

By ALLAN NEVINS
Professor of American History, Columbia University

SEVERAL important international questions were restated during the month of May and the first week of June. It was certainly an important clarification of American and European relations to have Great Britain definitely refuse (June 4) to make any debt payment on June 15, with other European nations (except Finland) sure to follow her. Cuban-American understanding has been improved by our surrender, under a new treaty signed on May 29, of the contentious Platt Amendment. The long-awaited meeting of the Disarmament Conference at Geneva (May 29) has done much to clear up the disarmament position of the United States and Great Britain on the one hand, France and Russia on the other, even though it has done little else. The attitude of the world toward the Chaco war has developed to the important stage of definite action by the United States (May 28) and by other powers to stop the shipment of arms to Paraguay and Bolivia. Another conference between Dr. Schacht and the representatives of Germany's creditors has shown for the time being where Germany stands on payments on medium and long term obligations. Meanwhile, France and Germany have come to an agreement (June 1) on the terms of the Saar plebiscite, and all friction on that issue has apparently been postponed until the vote is taken next January.

For the rest, the month has been interesting chiefly for the confirmation it has afforded of certain outstanding tendencies in world affairs. In Europe two sets of events have clearly been sequels of the Nazi revolution in Germany. The accession of Hitler to power has brought about far-reaching changes in the politics of Europe, the meaning and direction of which are rapidly emerging.

In the first place, the Nazi policies have stimulated two more States, Bulgaria and Latvia, in a spirit of apprehension, imitation and nationalistic fervor, to centralize their governmental power under dictatorships. In Latvia the overturn was particularly interesting because that small Baltic State has been and still is the scene of competing German and Russian influences. When Maxim Litvinov, Soviet Commissar for Foreign Affairs, recently proposed to Germany a pact guaranteeing the integrity of the Baltic States and Hitler rejected it, the inference was clear: beneath Hitler's excuses lay the German ambition to expand eastward. Since Latvia is an agricultural and conservative country, where the traditions of the autocratic Baltic barons are still potent, and

since it has few trade relations with Russia but many with Germany, the revolution was by no means unexpected.

In the second place, the Nazi parade and bluster, diminishing the hope for a general European accord under the auspices of the League, have increased the tendency of Continental nations to turn back to the old balance of power system and to the "security" offered by regional compacts. Late in May press reports of a new Franco-Russian agreement became explicit. It was said that the two governments had pledged themselves to joint action in political matters for mutual safety, and to "technical cooperation" in military matters. One result of this Franco-Russian understanding was seen at the Disarmament Conference when Litvinov went to the support of the French thesis of security before disarmament. (See the article "Russia Warms to the League," page 402 of this magazine.)

The most hopeful event of the month in Europe was the agreement on the Saar, an agreement under which explicit guarantees for the safety of the Saar population were offered by Germany. Freedom and secrecy in balloting are assured, and the plebiscite tribunal will be maintained for one year after the vote. The agreement was hailed joyfully in Germany, for it is everywhere assumed that it means the reincorporation of the rich coal territory in the Reich.

THE WORK OF THE LEAGUE

The Saar undertaking is to be set down to the credit of the League of Nations, for it was reached under the auspices of a League committee of which Baron Pompeo Aloisi of Italy is chairman. But there were several other evidences during the past month that the League is a continuing force in international affairs.

Although the League is often accused of dismal failure in its attempt to defend China against Japan, it may well be proud of its assistance to China in reorganizing her internal affairs. On May 18 Dr. Ludwig Rajchman, adviser to the Nanking Government on economic rehabilitation, submitted the results of eight months' work to the committee on China. He reported that he had coordinated the work of reconstruction in seven Chinese provinces, and had induced the Nanking Government to appropriate $15,000,000 (Mexican) for reconstruction work this year, a marked increase over 1933. Dr. V. Wellington Koo, Chinese Minister to France, made a speech warmly praising the League's work, and the committee issued a statement which was in effect a rebuttal of Japanese criticisms. While it is not certain that Dr. Rajchman, much needed in the health work of the League, will return to China, Nanking will continue to receive technical aid from Geneva in economic reconstruction.

Following the publication of reports (May 12) that China would invoke either the Nine-Power Treaty or Articles 10, 11 and 12 of the Covenant against Japan, Sir John Simon made a significant statement to the House of Commons on May 18. He said that while Great Britain was bound by the Nine-Power Treaty to respect the integrity of China, she was not bound to defend it. "It is not true that we have ever signed or anyone else has ever signed a treaty in which we have pledged ourselves to use all our forces to preserve the integrity and political independence of China." At the same time he indicated his belief in the League as a means of protecting weak nations and healing internation-

al disputes. He spoke appreciatively of American cooperation with the League, and declared against Mussolini's project for an early revision of the Covenant. This is no time for such a work, he said, for it would complicate the disarmament discussion; it should be undertaken—if at all—only when Germany is back at Geneva to assist in the proceedings.

The League has scored a distinct success in the past month in its treatment of the Chaco war. To be sure, it has thus far failed to persuade Bolivia and Paraguay to stop fighting, as the United States and other Pan-American powers have failed. So intense and unyielding are the animosities involved that both sides have rejected League proposals for arbitration. But on May 12 the League's Chaco Commission under Alvarez del Vayo released what is said to be the most outspoken report on a conflict ever issued by an organ of the League. In 8,000 words it described the peculiarly horrible nature of the war and made an appeal of burning eloquence to the world to stop the conflict. "The armies engaged are using up-to-date material —airplanes, armored cars, flame-projectors, quick-firing guns, machine guns and automatic rifles. * * * Arms and materials are not manufactured locally but are supplied to the belligerents by American and European countries." The report made it clear that nations on the League Council were engaged in this traffic. It urged a complete embargo on arms-shipments to the belligerents to end "this singularly pitiless and horrible struggle, a veritable catastrophe to the advance of civilization in South America."

The Chaco struggle has lasted two years without more than vaguely dismaying the rest of the globe. Since newspaper correspondents do not penetrate to the actual field of combat, little is known about it. But the League commission had gone into the Chaco and seen the war at first hand; and its report, therefore, arrested the attention of all civilized nations. Moreover, the world's conscience has recently become tender on the question of arms shipments, as the result of sensational disclosures of the operations of munitions makers.

The British Government has for more than a year been foremost in urging an embargo as the best method of stopping the Chaco struggle. Its spokesman, Captain Anthony Eden, addressing a meeting of the League Council on May 17, pointed out that although Anglo-French proposals had been made a year earlier, nothing had been accomplished, and urged determined action. He was vigorously supported not only by France, Spain and Holland but by representatives of Italy and Argentina, countries which had seemed indifferent, but whose spokesmen now pledged cooperation. And on the very next day a striking response came from Washington. President Roosevelt penned a message to Congress urging legislation for the supervision and control of the arms traffic. He recommended ratification of the international arms convention of 1925, which provides for a system of licenses and publicity for exports of munitions; and he had a resolution introduced in Congress giving the President, under certain conditions, power to prohibit the sale of arms or munitions in the United States.

Congress acted promptly. On May 28 President Roosevelt was able to issue a proclamation forbidding the sale of arms and munitions to Bolivia and Paraguay, and warning violators that they were subject to fines of $10,000 or less and imprisonment for two years or less. Meanwhile the League

had queried more than thirty nations as to their willingness to stop shipments, and had received favorable replies from ten others, including the chief munition-making States. Bolivia complains that an absolute embargo is unfair to her, since Paraguay has an arms plant and she has none.

ARMS AND SECURITY

After months of futile effort, chiefly by Great Britain, to prepare an acceptable program, the oft-postponed Disarmament Conference met on May 29 in an atmosphere of complete confusion. Germany was absent. France was as intransigent as ever. Yet on the first day the general atmosphere became surprisingly cheerful. One bright ray of hope was furnished by the Roosevelt administration, for Norman Davis, whom many had feared would be significantly absent, had been sent by Washington. Maxim Litvinov was again present for Russia, in evident good spirits and with new proposals. Sir John Simon represented Great Britain, while Louis Barthou was for the first time present for France. The only ominous note at the outset was that Barthou's aides were all connected with armaments—Marshal Pétain, Minister of War; General Victor Denain, Minister of Air, and François Pietri, Minister of Marine.

On the opening day Mr. Davis made a speech in which he threw the influence of the United States completely behind the general British policy. He said that there were two ways, and only two, of achieving security. One was by overwhelming superiority in armament, coupled perhaps with reinsurance in the form of alliances. But the World War had shown that the promises of this method were delusive—that it led straight to catastrophe. In effect, this was a condemnation of the French position. The other method, said Mr. Davis, was to increase the power of defense and decrease the power of attack by a progressive abolition of those types of weapons peculiarly suitable for aggression, such as bombing planes, tanks and heavy mobile artillery. This was the true method. He therefore proposed that the conference go back to the British draft convention, which in June, 1933, had been accepted by all nations, including Germany, as a suitable foundation for the future convention. This offered Germany a moderate amount of rearmament and France a general agreement on inspection, and if it were agreed upon, Germany might be brought back to Geneva.

Mr. Davis also threw out some general observations which produced a favorable impression. He said that the American people have been aroused by the evils revealed in the production and traffic of munitions of war, that they were eager to join other nations in working out "by international agreement an effective system for the regulation of the manufacture of and traffic in arms and munitions," and that they hoped to see the naval powers agree upon a substantial and proportionate reduction of tonnage in warships. "We are back in Geneva," he concluded. "I for one am glad to be here. * * * I am unshaken in my belief that with a real spirit of cooperation we can still achieve success."

Litvinov's speech on the same day was unhappily very different in tone. He had been expected to present his usual plea for complete and unequivocal disarmament. Instead, he argued for security first. He suggested that the security of nations might be guaranteed by sanctions on a graduated scale, so that nations which were

reluctant to participate in military measures against an aggressor might nevertheless share in milder forms of repression. In addition, there might be "separate regional pacts of mutual assistance." This reversal of his old position placed him firmly on the side of France, and was obviously a product of the Franco-Russian agreement already mentioned. Although Litvinov said that "there is no question of military alliances or of the division of States into mutually hostile camps, or, still less, of a policy of encirclement," it seemed to many observers that this was precisely what he meant. He suggested that the Disarmament Conference itself should not be discontinued, but should be made a permanent peace conference to give warning of threatened war, and to afford timely aid, "whether moral, economic, financial, or otherwise," to threatened States. He admitted that this would in effect be setting up a new international organization competing with the League of Nations.

This sharp conflict between the Davis and the Litvinov proposals boded ill for the conference. Equally significant was the breach between the British and French delegates which appeared on the second day (May 30). Apparently the result of a temperamental clash between the peppery Louis Barthou, who made the error of losing his temper, and the cool, ironic Sir John Simon, it actually represented a fundamental disagreement between the two nations. Great Britain has been offended by French unwillingness to make any concessions toward meeting her own or Italy's disarmament proposals. She has lost her patience with what she regards as the over-timid French demand for a security which the sister States of the British Commonwealth of Nations would not let her guarantee even if she wished to. She has been stung by French objections to the sale of engines for commercial airplanes to Germany. Sir John Simon made a forcible statement on this subject to the House of Commons on May 14, saying that no treaty or international agreement existed which would enable his government to stop the perfectly legal sale of such wares. For her part, France feels that the British position on disarmament is a denial of realities. The French accuse Germany of plans to rearm on a large scale—plans now in the first stages of execution—and hold that Great Britain is in effect encouraging her. It was therefore with an accumulation of grievances in the minds of both men that Sir John Simon made a sharp speech, and Barthou indulged in a very unparliamentary reply. Everyone perceived that the conference was on the point of another hopeless deadlock, and Sir John left for London in a state of evident gloom.

The result was that on June 5 Arthur Henderson, chairman of the conference, flatly charged M. Barthou with responsibility for the apparently imminent failure of the session, and threatened both to resign and to terminate the conference. In an impassioned speech he declared, with reference to the Franco-Russian pact of mutual assistance: "I cannot associate myself with an effort to encircle a State, whoever that State may be, by a pact of this kind; I must direct the conference in a spirit of justice to all." As this chronicle is written, efforts were still being made to arrive at a compromise, but with dubious prospects. The American, British, Italian and other representatives had made it clear that they wished to place disarmament first and to regard defensive security as flowing from it; the

French and Soviet representatives wished to place security first and disarmament second. Meanwhile, on June 5 the French Chamber approved the government's budget calling for the expenditure of 3,000,000,000 francs to strengthen the national armaments; and Minister of Marine Pietri announced that a loan would be floated to pay for part of the new fortifications.

INTERNATIONAL DEBTS

The "transfer conference" between Germany and the foreign holders of her long and medium term bonds and other obligations ended on May 29, after a month of debate, with a temporary compromise. Germany had made out a strong case. Dr. Schacht had offered statistics showing a catastrophic trade-balance for April. German exports had slumped 315,800,000 marks, a drop of 21 per cent from March, and since the imports were almost unchanged, the trade deficit came to 82,400,000 marks. At the same time Dr. Schacht showed that in one week Germany had lost 25,000,000 marks in gold and foreign exchange, or 15 per cent of her total holdings. He asked for a complete moratorium. Instead of this, the compromise agreement provided for one of six months. After this the creditors may obtain cash at 40 per cent of the face value of their coupons, subject to the ability of the Reich to pay, or they may exchange their coupons for funding bonds maturing in 1945 and paying 3 per cent interest. The Reichsbank guarantees payment of the principal, interest and sinking-fund charges on these obligations.

Neither side to the negotiations was satisfied with the agreement. Indeed, it is still doubtful whether it will prove effective, since only Great Britain, France and Sweden have accepted it, the representatives of the United States reserving their consent, and Switzerland and Holland flatly rejecting it. No one can say how the Swiss and Dutch creditors can be reconciled, since they have hitherto received favored treatment and the full interest due, and they are in a position to enforce its continuance. The chief consolation to Germany's creditors is that the Young and Dawes Plan bonds have for at least the time being escaped a moratorium and will be serviced as usual.

The United States has at last, thanks to the childish Johnson Act, been brought to face an almost total default upon the war debts due our government. Finland alone gave notice that she would pay in full, and her payment is insignificant—only $166,538. Great Britain, which has continued to make token payments to avoid the status of a defaulter, found that under the Johnson Act she would have to remit $262,000,000 or be so stigmatized. Her government therefore served notice on June 4, in a long and closely reasoned note, that she would "suspend all interim payments pending a final revision of the settlement." Washington expected that all the other debtors would follow the British example and withhold payment on June 15. President Roosevelt in a special message to Congress on June 1 stated that each of the nations concerned has full and free opportunity to discuss its debts with the United States. Evidently the whole problem will have to be postponed until the world has much more fully emerged from the depression. Meanwhile, the American press has on the whole—there are a few harsh critics—accepted the British suspension as logical and indeed inevitable.

The NRA Runs Into Trouble

By E. Francis Brown

A LONG-GATHERING storm of pent-up hostility and popular passion has broken over the NRA. Though somewhat bruised and battered, the Blue Eagle survives, a continuing cause for controversy, even if its life no longer seems as secure as in the days of its hectic youth. In the acrimonious exchange between General Hugh Johnson and Clarence Darrow America has witnessed an important episode in the history of its recovery program.

For months there had been discontent in many quarters because it was alleged that the NRA through its codes of fair practice had seriously injured the interests of the small producer as well as of that elusive individual, the consumer. Moreover, labor's failure to obtain the collective bargaining which had supposedly been guaranteed by Section 7A of the Recovery Act has roused animosity against the Recovery Administration among workers. In addition, of course, many business men have found themselves unable to accept the principles of the NRA, even if, in the long run, they stand to gain by the law.

The simmering hostility first threatened to boil over in February, when General Johnson held at Washington his famous field day for critics. But the crisis was averted, and as proof of good faith an advisory board, with Clarence Darrow as chairman, was appointed to study the effect of NRA codes on small-scale enterprise. Little could General Johnson have dreamed that, when he permitted the creation of this board, he was laying up a store of future trouble for himself.

That the board had completed its study and sent it to the President was known as early as May 4. It was then also disclosed that John F. Sinclair, vice chairman of the board, had disagreed with the findings of the report and refused to sign it. Public interest in the board, which had up to this point been slight, increased when an air of mystery began to surround the report as a result of the Recovery Administration's failure to publish it. Publication, it was announced on May 9, would follow only when a reply had been prepared by the Recovery Administrator. Finally, on May 20, more than two weeks after the report had been sent to the White House, the storm broke.

The Darrow board, it was disclosed, had confined itself largely to an analysis of the motion picture and iron and steel codes, though electrical manufacturing, coal and ice were also surveyed. The Iron and Steel Institute, for example, was alleged to fix prices arbitrarily "for the advantage of the large companies," while the rule against enlarging plant capacity was criticized as "harmful, monopolistic and oppressive." The general conclusions, embodied in a supplementary report by Mr. Darrow and W. O. Thompson, another member of the board, insisted that "the NRA is at present in the stage of conflict of interests; but in proportion as the authority of government sanctions regulation by industrial combinations, the inevitable tendency is toward monopoly, with elimination of the small business." Unfortunately for any tem-

perate consideration of the board's findings, the supplementary report stated: "The choice is between monopoly sustained by government, which is clearly the trend in the National Recovery Administration, and a planned economy, which demands socialized ownership and control." That sentence permitted a general onslaught upon the report to the neglect of the immediate issue.

General Johnson prefaced his reply to the report with a letter bristling with denunciation. "A more superficial, intemperate and inaccurate document than the report," he said, "I have never seen." He was vigorously seconded by Donald R. Richberg, counsel for the NRA, who stated that "in order to arrive at its previously determined verdict, the board took and reported any testimony that would serve its prejudices without regard to the competence or bias of the witness or the palpable falsity of the statements." Mr. Darrow in retort described these statements as "excited ejaculations" and called the NRA officials "expert evasionists."

The fat was now in the fire. In Congress Senator Borah almost immediately moved for restoration of the anti-trust laws. In the country at large the Darrow report and the ensuing controversy had two results: Suspicion was planted in many minds that the NRA was not all that it had been supposed to be, while skeptics had their worst fears confirmed—the NRA was not for the Little Fellow. It was obvious, too, that the NRA officials had offered nothing to disprove the board's contentions that NRA tended to foster monopoly.

Even before the controversy over the Darrow report arose, there had been signs that all was not well with the NRA. Its campaign for a 10 per cent decrease in hours and a 10 per cent increase in wages, launched officially in February, had obviously got nowhere, and rumors that it was to be renewed vigorously in May proved baseless. Though General Johnson had told the convention of the United States Chamber of Commerce on May 2 that new efforts would be made to obtain public support for the NRA, "due to a lapse of public enthusiasm over the codes," his plans were apparently forgotten in the pressure of the succeeding weeks.

Meanwhile, the NRA was seeking to meet some of the criticism leveled against it. President Roosevelt by executive order on May 27 exempted service industries from the fair trade practice provisions of their codes. A large number of small-scale businesses were thus freed from all attempts to regulate price fixing, production control and so forth. NRA officials may not have liked to retreat on this particular front, but by so doing they escaped some of the most vexatious disputes that have arisen under the Blue Eagle.

A revised version of the Iron and Steel Code, which the President signed on May 30, was likewise framed to meet criticism. Though the quotation of prices on the basing-point system, a system which the Darrow report had assailed, was retained, the number of basing-points was increased and a study of the effect of the system on prices was ordered. Some concessions were made to small producers. Labor, assured of an eight-hour day and an average forty-hour week, was promised that the workers would be allowed to choose their own representatives for collective bargaining—"under the supervision of an appropriate governmental agency."

This promise rang somewhat hollow in the light of recent failures of the government to uphold the right of col-

lective bargaining. Nor did the steel workers delay in attacking the revised code. Through their spokesmen they declared: "For eleven months the steel workers' union worked and petitioned and waited for justice under Section 7A of the Recovery Act and Article 1 of the Steel Code. We have gained nothing * * *. Our patience is at an end. A general strike involving hundreds of thousands of steel workers is promised for the middle of June." With this announcement the Amalgamated Association of Iron, Steel and Tin Workers began to prepare for a contest with the steel companies while NRA administrators endeavored to ward off so disastrous a struggle.

Steel workers were further disillusioned by the latest phase of the Weirton case. On May 29, the day before the President signed the revised Steel Code, the government in the Federal District Court of Wilmington, Del., was denied an injunction to restrain the Weirton Steel Company from interfering with an election of workers' representatives under the auspices of the National Labor Board. The court declined to pass upon the case itself, basing its decision in part upon the Norris-LaGuardia Anti-Injunction Law which was supposedly intended to protect labor against the use of injunctions in industrial disputes. Apparently the act has become a two-edged sword. Ultimately the Weirton case seems destined to reach the United States Supreme Court, but the delays in settling it have, from labor's point of view, virtually nullified the principle of collective bargaining which was laid down in the Recovery Act and which gave rise to the present suit of the Federal Government against the Weirton Company.

The NRA suffered other setbacks during May. The judge of the Federal District Court at Louisville, Ky., on May 2 held that the Bituminous Coal Code is unconstitutional when applied to local business, and issued a temporary order restraining the government from enforcing the code on the coal operators of Western Kentucky. About a fortnight later the Timber Conservation Board reported to the Secretary of Commerce that under the Lumber Code "no net progress" had been made toward balancing production and consumption. Finally, proof that the NRA had not built up purchasing power commensurate with industrial output was presented by the Code Authority of the Cotton Textile Institute when, because of declining sales, it requested permission to reduce production 25 per cent for an emergency period of twelve weeks. General Johnson's approval of the request awakened labor protests.

For a time a general strike of the nation's 400,000 textile workers threatened, but on June 2 it was averted by an agreement between General Johnson and Thomas F. McMahon, president of the United Textile Workers. Though the 25 per cent curtailment of operation—which meant a 25 per cent pay cut—was retained, the workers were promised representation on the various boards governing the industry, including the Code Authority. In addition, the Research and Planning Division of the NRA was authorized to make a study of possible wage increases in textile manufacturing.

LABOR DISTURBANCES

Demands for wage increases and for union recognition accounted for most of the strikes that during May spread in a great wave across the country. In three cities—Minneapolis, Toledo and San Francisco—serious rioting accompanied the workers' protests against

existing conditions. Trouble in Minneapolis began when truck drivers seeking union recognition sought to prevent all movement of foodstuffs, gasoline and other merchandise. After several days of disorder, which brought injuries to many individuals and death to two, the strike was settled by an agreement which, among other things, recognized the union as representing the drivers in every industry in which the majority of the men belong to the union.

At Toledo the disorder was far greater than at Minneapolis. Again the chief issue was union recognition, this time in the plant of the Electric Auto-Lite Company. Following riots outside the plant on May 23, several hundred men of the Ohio National Guard were ordered into the city to patrol the area around the plant. The next day, during a battle between the guardsmen and a mob of about 6,000, two men were killed and more than a score were injured. But this did not end the trouble, though by this time frantic efforts were being made by Federal mediators to settle the strike. When negotiations became deadlocked, a general strike was planned by the organized workers of Toledo This danger, however, began to recede on June 1, after the electrical workers had received a 20 per cent wage increase and recognition of their union. Two days later the Electric Auto-Lite Company accepted an agreement which at last brought peace to Toledo and granted the company's workers both higher wages and what amounted to collective bargaining.

Longshoremen, seeking recognition of their union and better working conditions, succeeded during May in paralyzing shipping along the West Coast. During the first week in June attempts at mediation had failed, even though business losses in San Francisco alone were estimated at $3,000,000 for the first twenty-five days of the strike. At various points along the coast, but particularly in San Francisco, the strikers came into contact with police in mêlées during which rocks, clubs, tear gas and fists were used indiscriminately.

In the midst of these labor upheavals, the Sinclair Oil Companies on June 4 signed an agreement recognizing the Oil Field, Gas Well and Refinery Workers. This step was especially noteworthy because company unions have hitherto dominated labor relationships in the oil industry.

What lies behind the labor troubles? The National Industrial Recovery Act with its sanction of collective bargaining must bear some of the responsibility. Those who best know labor's mood and ambitions attribute much of the prevailing unrest to the government's failure to enforce the letter of Section 7A. It has become almost certain that, when a dispute over this provision arises, the government will seek a compromise—usually to the disadvantage of organized labor; the settlement of the automobile strike last March was a case in point. Labor has consequently lost confidence in the National Labor Board and the many Regional Labor Boards.

But there are other explanations. Business revival in certain fields has led labor to demand a restoration of some of the wage cuts that were made in the years after 1929. Encouraged by improved conditions and administration policy, labor unions have also sought to expand their membership. The invasion of hitherto non-union plants has time and again resulted in strikes when employers have resisted attempts to organize their employes independently. Finally, the growing militancy of the rank and file of labor, at a time when the national

union leaders have followed the traditional policy of cooperating with the employers, has stirred deep unrest in which strikes have bred.

Labor disturbances revived interest in the Wagner Labor Disputes Bill, whose course through Congress has been anything but happy. When introduced in March, it threatened to destroy all company unions, but it has been drastically revised during the ensuing months and, in the form reported to the Senate on May 26, seemed to countenance company-sponsored organizations. The bill would, however, establish a National Industrial Adjustment Board which would have real power to act as arbitrator in labor disputes. Opposition to this bill has been so great on the part of the employers, and labor's support has been so lukewarm, that passage seemed doubtful as the end of the session approached.

BUSINESS PROSPECTS

In the long run the NRA will be tested not alone by its success in restoring manufacturers' profits and restricting unfair trade practices but also by its success in reducing unemployment and raising purchasing power. Evidence abounds that in these latter categories the NRA's record to date is unsatisfactory. William Green, president of the American Federation of Labor, estimated on May 27 that 10,616,000 persons were without work in April. "We are making very slow progress in putting the army of unemployed back to work," he said, though he pointed out that about 260,000 men and women did find employment in April. Payrolls have not expanded rapidly enough to keep pace with the rising cost of consumers' goods and meanwhile, as savings have been exhausted, the number of families on relief—about 4,000,000 in May—has steadily risen. In New York City the number of families on relief rose 82 per cent between March and April, in part, of course, as a result of the liquidation of the CWA.

In the conservative monthly letter of the First National Bank of Boston is to be found confirmation of the decline in real purchasing power. "Retail sales in terms of value," the bulletin stated, "continue above a year ago, but on a physical volume basis they are well below. * * * The higher prices made necessary under the NRA are meeting with definite buyers' resistance and there is a noticeable shift to cheaper grades of merchandise." In this regard the fact that automobile manufacturers in the late Spring quoted lower prices on cheap cars could hardly pass unnoticed.

Seemingly Wall Street was fearful of the immediate future, for quotations of stocks on the Exchange slumped during May and the number of sales reached low points. Foreign trade, moreover, despite the devalued dollar, declined $23,000,000 in April from March.

Many indices, however, tended to give a more cheerful picture of the business outlook. Class I railroads, for instance, tripled their income in the first quarter of 1934 as compared with 1933. Internal revenue collections for the first ten months of the current fiscal year totaled $2,115,702,953; for the same period of the previous year the figure was $1,253,484,092. Privately financed building contracts in April reached the highest level since August, 1933. Meanwhile, RFC loans continued to decline. Jesse H. Jones, chairman of the RFC, stated on May 28 that total disbursements during the current fiscal year would be about $2,000,000,000 under budget estimates. Steel operations for the week ended June 2 reached 58 per cent of capacity

a new high for 1934. Finally, the general condition of business as reflected in *The New York Times* index of business activity remained relatively stable, the index fluctuating slightly between 88.7 for the week ended April 28 and 84.6 for the week ended June 2.

WORRIES OF THE AAA

Another recovery agency, the AAA, had its worries during May. Farm purchasing power, despite benefit payments and higher prices for farm commodities, stubbornly refused to attain the parity level which the AAA has as its goal. Farmers are beginning to grumble as benefit payments fall off, nor do they approve of the economy of scarcity sponsored by the AAA, even if they do sign contracts for acreage reduction. Opposition in Congress to attempts to extend production control to non-basic commodities and to set up machinery for the enforcement of marketing agreements had become so strong at the end of May that pending amendments to the Agriculture Adjustment Act seemed likely to be defeated.

Ironically enough, the AAA found itself face to face with far more extensive crop restriction than it desired when a severe and prolonged drought spread over the farming areas in May and early June. A broiling sun, unseasonal heat and an absence of rainfall caused the young grain of the Middle West to shrivel and perish. What escaped ruin by the heat a plague of grasshoppers threatened to destroy. Pasturage became too sparse for livestock and water levels fell to the danger point. Reports from the parched areas drove wheat over a dollar in the Chicago pit and official estimates placed this year's wheat crop at 500,000,000 bushels, the lowest since 1893. Confronted with such far-reaching disaster, the AAA and other government agencies joined hands to tackle a stupendous relief problem.

Plans for appropriating $525,000,000 to aid the drought sufferers were approved by members of Congress from the stricken regions during a conference with the President on June 5. At least a fifth of the sum was planned to be expended on work relief and the remainder to provide livestock feed and seed for next year's planting and to purchase livestock for relief distribution. The government would also draw on the fund in order to buy and retire submarginal lands in the chronic drought regions.

It seemed possible that this appropriation measure might be attached to another relief measure, the Deficiency Appropriation Bill. Passed by the House on June 4, it carried total appropriations of $1,178,269,861, allocated $899,675,000 to the President for the continued operation of various recovery agencies and earmarked $272,325,000 for specific emergency projects. Perhaps the most important clause of the bill was that empowering the President to transfer and apply "any savings or unobligated balances" of the RFC or PWA to the purposes of the Federal Emergency Relief Act. Thus a stupendous sum of money, perhaps as much as $4,200,000,000, would be placed at the President's disposal. For some time advocates of a balanced budget have apparently been in the saddle in Washington, because relief expenditures have fallen far below estimates and the Treasury deficit for the fiscal year was expected to be about half the $7,309,000,000 forecast in President Roosevelt's annual budget message. But the President, with a large amount of unallocated funds at his command, will have it in his power to expand relief expenditures if it should prove necessary. Such expansion might be

employed to stimulate business should a pronounced downward trend set in.

THE RECORD OF CONGRESS

Despite numerous pending measures, Congress believed its session to be drawing to a close. After weary weeks of debate and lobbying, the Fletcher-Rayburn bill regulating the nation's stock exchanges was on June 1 sent to the President for his signature. Then, too, the controversial reciprocal tariff bill had by June 6 passed both houses and been sent to the White House. Both these acts had been regarded as major items on the administration's legislative program.

The Stock Exchange Bill, in its final form, establishes a Securities and Exchange Commission to regulate the stock markets. Control of credit for marginal trading is to be in the hands of the Federal Reserve Board and marginal traders are to be required to carry 45 per cent of the value of any security traded in. This clause is expected to check excessive speculation. The other sections of the law relate to the manipulation of security prices, the use of deceptive devices, the registration of securities, proxies, liability for misleading statements, and many of the other more or less technical aspects of stock market operations.

A rider to the act embodied amendments to the much-attacked Securities Law of 1933. These amendments tend to reduce the liability of underwriters and to limit the recovery of losses sustained as a result of mistakes in the statement accompanying the registration of a security. Moreover, the entire matter of damages resulting from misleading statements is altered so as to bear less drastically on the issuing house. Suits under the act must now be brought within three years—in the original act it was ten—after the public offering of a security. Though such questions seem of little importance to most people, these regulations have, according to the financial groups, paralyzed the flotation of new issues during the past year. Since the amendments meet, as one financial writer has said, four-fifths of the criticism of the original law, there should be an early opportunity to discover to what extent the offering of new issues is affected by the Securities Act.

The Reciprocal Tariff Act gives the President power for three years to enter into trade agreements with foreign nations whenever he finds that existing restrictions unduly burden American foreign commerce. The bill contains a clause prohibiting the cancellation or reduction of foreign debts due the United States, thereby preventing tariff bargaining on the basis of debt reduction.

Another regulatory measure had passed both houses by early June—a bill providing for a Federal Communications Commission to regulate telephone, telegraph and radio systems. Though the new law would not immediately rescind existing regulations, it would seek to correlate the supervision over communications now exercised by the Interstate Commerce and Federal Radio Commissions.

Direct loans to industry from Federal funds seemed assured at the beginning of June, provided separate bills enacted by the House and Senate could be harmonized. The Senate on May 14 accepted the Glass-Barkley bill, which would permit loans to industry, limited to five years and based on adequate collateral, from the Federal Reserve Banks and the RFC. About $530,000,000 would be made available for this purpose. The House bill, except for its limitation of the total sum for industrial loans to about $440,000,000, did not differ essential-

ly from that passed by the Senate.

The silver question was temporarily sidetracked by an administration bill introduced in Congress on May 22, following conferences between the President, his advisers and the silverites on Capitol Hill. The bill declared it to be the national policy to increase the "proportion of silver to gold in the monetary stocks * * * with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver." The President is authorized to purchase silver at not more than 50 cents an ounce to obtain this objective. Silver is to be nationalized "whenever in the judgment of the President such action is necessary."

This permissive measure, which was passed by the House on May 31, was substituted for the Dies-Thomas bill then before the Senate. (See June CURRENT HISTORY, page 329). Perhaps as exact a comment as any on the silver bill was one contained in a dispatch from London. "We assume," it read, "that Mr. Roosevelt's act is solely in response to demands of the silver interest combines in the United States, and therefore look upon it as a political gesture rather than a serious monetary or economic development."

The air mail controversy died away during May. Private air companies resumed the flying of the mail on May 8, after new contracts had been awarded. According to Postmaster General Farley, "the average air mail pay per mile on the new air mail system, comprising 28,548 miles, will be 27.9 cents, as compared with approximately 42 cents per airplane-mile in the old system of 25,248 miles." Finally, on June 5, a permanent air mail bill was sent to the President for signature. It authorized the award of air mail contracts to the lowest bidders, prohibited interlocking directorates or holding companies of corporations carrying the air mail, fixed air mail postage rates, prescribed primary air routes, limited air mail routes to a total of 29,000 miles, restricted the number of contracts to be held by any one company and required companies carrying the air mail to file information concerning their organization and financial set-up.

Since early in the depression much has been heard of the need for better housing and of large-scale housing projects to revive the prostrate capital goods industries. Yet, despite all the talk, the problem of housing has remained unanswered, nor have any housing projects worthy of the name been launched. One important reason is not far to seek—vested real estate interests are not anxious to see new housing, even publicly financed dwellings for the low-income groups.

The latest move toward better housing, as embodied in a bill introduced in Congress on May 14, is found on examination to promise practically nothing. This National Housing Bill would establish a Home Credit Insurance Corporation to aid financial institutions in extending credit for the improvement of existing property, in guaranteeing new mortgages on homes already built or newly completed, and in providing low-cost, long-term financing for new-home owners and builders. Another agency, the Federal Savings and Loan Insurance Corporation, would be established to insure the shares of building and loan associations. Obviously, such legislation cannot revive the capital goods industries, nor do much else, unless it be to protect the shakier building and loan associations.

Other measures which it was hoped would be passed by Congress before adjournment were the administration-

sponsored oil bill (see June CURRENT HISTORY, page 329), and the bill continuing the temporary guarantee of bank deposits. The latter, originally a Senate bill, was radically altered by the House through the addition of an amendment providing for Federal payment of depositors in closed banks—a plan which naturally had the approval of the stockholders in institutions that have failed to weather the storm. The amendment, however, was discarded by conferees of the Senate and House.

PARTY POLITICS

Many of these bills, it was expected, would in the end not reach the statute book in the rush for adjournment. The President was represented as desirous of sending Congress home, while the members themselves were no less anxious to begin rebuilding the fences in their own bailiwicks in preparation for the November elections. Though political prospects are not yet clear, since many States do not hold their primaries until late Summer, the so-far-incomplete *Literary Digest* poll on the New Deal showed on June 9 a 3-to-2 vote for the administration.

Among Republicans there is disagreement over policies and leaders. Even stanch Republican journals declare that the party has contracted sleeping sickness. Division within the local councils of the party has been prevalent; it also characterized the sessions of the National Committee, which met in Chicago on June 5 to elect a new national chairman. Though former President Hoover did not take part officially in the committee's deliberations, his following was present to contend with the younger elements who wish to inject new blood into the party management. Henry P. Fletcher, former Ambassador to Italy, was chosen National Chairman, a victory for the Hooverites. The platform adopted, while not as bitter an attack on the New Deal as expected, did not set forth anything that indicated rebirth for the party.

Of less importance, yet no less indicative of the changing spirit of the country, was the struggle between the right and left wings at the Socialist party convention. Norman Thomas and the left wing gained control on June 3 when they secured adoption of a declaration of principles which included acceptance of the dictatorship of the proletariat and approval of the general strike as a weapon against war. Though the convention moved too far to the left to please the more conservative members, it did not move far enough to please the extremists. Thus the party faces a possible split into three divisions, though presumably that has been averted until a referendum of the membership has been held on the new platform.

Finally, in looking at American politics, one cannot afford to dismiss the Farmer-Labor party of Minnesota, which has adopted a militant attitude of late, nor the Progressive party which the LaFollettes have launched in Wisconsin. At a time when political loyalties are broken and when the public mind is confused on social and economic issues, new parties may arise and win large support.

ISLAND DEPENDENCIES

Filipinos on June 5 went to the polls to elect members of the provincial and islands Legislatures. The campaign, which was accompanied by charges of fraud and considerable violence, gave control of the Philippine Legislature to the followers of Manuel Quezon.

Puerto Rico has taken issue with some of the developments of the New Deal, particularly the sugar quota of 803,000 tons announced by the De-

partment of Agriculture on May 31. The islanders had hoped for 850,000 tons, perhaps more, since the present quota will necessitate a carryover of about 300,000 tons. In addition, conservative interests in Puerto Rico have found fault with the Tugwell report which suggested diversification of agriculture and the use of the proceeds from a proposed processing tax on sugar to aid the poorer farmers of the island.

Canada's Recovery Methods

By J. BARTLET BREBNER
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CANADA has recently demonstrated anew one of the most interesting and persistent features of her existence—the time-lag which results from being on the periphery of both North American and British Imperial affairs. While it is true that Canada's basic economy responds almost instantaneously to changes in world economic conditions, her legislative and administrative machinery has usually been less quickly changed than that elsewhere. Sometimes she has suffered for her slowness; sometimes she has profited from the experience of other countries. Yet she has seldom been an entirely free agent because of the overpowering influences of American and British action.

Canada's present ailments are not peculiar. The maintenance of her high standards of living depends upon export trade in a protectionist world. At present the Canadian domestic debt burden has transcended the capacities of some individuals, municipalities and even Provinces, and has been weighing down the Federal taxpayer, the much-taxed consumer and the owner of securities. The nationally owned railways have been operating at a heavy loss and the national budget has not been balanced since 1929-30. Prices of primary and secondary products have tumbled, while the principal and interest involved in the apparatus for getting them to market have remained almost constant. Meanwhile, Canada's best customer and principal creditor, the United States, has been excluding Canadian goods more and more.

From 1930 to the closing months of 1933, Canadian policy was admittedly one of wait and see; the general recovery of 1933 seemed at first to have justified it. By going off gold early in the depression, the Canadian monetary structure was never strained to the breaking point as in the United States; with government cooperation the excellent banking system weathered the storm; and the insurance companies were kept formally solvent by permission to value their securities on an arbitrary scale. The Federal Government underwrote Provincial and municipal relief. In addition, the government borrowed to meet the National Railways deficits and lent money to the privately owned Canadian Pacific Railway when the road could not secure funds in the open market. Gradually all Canada came to depend on the combined strength of the national economy and the ability of the Federal Government to distribute strength to meet weakness.

Since it was apparent by the end of 1933 that partial recovery was not enough, the first half of 1934 has been spent in far more basic self-examination and preparation for action than the patching of 1930-33. Naturally suggestions were sought in British and American experience. Canada first borrowed the British idea of a central bank and she has watched closely various aspects of the new British protectionist system. Much more steady, however, has been the infiltration of ideas from the United States, partly because some Canadian enterprises found it almost necessary to subject themselves to the new American codes of fair business practice, but largely because Canada is as North American as the United States.

In some ways the most interesting aspect of the changed attitude has been the behavior of the Conservative party now in office. The depression bred a Socialist party, the Cooperative Commonwealth Federation, but it is young, untried and badly divided between its agricultural and industrial elements, and after a surge of influence in 1933 has been losing effectiveness. The Liberal party held a Summer school last year where national economic planning held the centre of the stage, but during the current Parliamentary session Mackenzie King, the party leader, has made it clear that he and his party are still officially *laissez-faire* individualists. Their successes at the polls in 1933 encouraged them, but it is likely that the voters were merely asserting their dislike of the Conservatives.

Now the Conservatives have abandoned their policy of "masterly inactivity." The creation on the initiative of H. H. Stevens, Minister of Trade and Commerce, of a Parliamentary committee to investigate price-spreads gave evidence of this new mood. The committee has been in session since Feb. 15, and has deeply stirred the country by revelations of thoroughly undesirable conditions in general manufacturing, in large-scale buying and in the purchase by processors of such commodities as tobacco, vegetables, fruit and livestock. Canadians have been aroused and the burden of doing something to regulate big business has fallen on the Conservative party, the traditional ally of business. Yet the party has shown no definite signs of evading its responsibilities. Instead, it is capitalizing its surprising position by even extending the scope of its disturbing investigations to include the structure of Canadian company finance and direction.

The chief legislative enactments, apart from the central bank bill, have been C. H. Cahan's stringent new securities bill and a natural products marketing bill. The former, based on the British Companies Act, was passed with great rapidity, though its sponsors admitted that it was being evaded before it was enacted by the issuance of Provincial instead of Federal charters. The marketing bill (see June CURRENT HISTORY, page 331), which provides for Dominion and local marketing boards with powers of regulation, has had a stormy passage under the attacks of Mr. King and the Liberals, while the delighted C. C. F. members have sided with the somewhat uneasy Conservatives in making its majority sure. During May, while the bill was before Parliament, it was amended almost beyond recognition, but it was being pushed through and when it becomes law should give the government wide powers of export and import control and of regulation of marketing organizations and price spreads. Structurally it was more

British than American and several fields of authority were so vaguely defined as to make practicable State regulation of prices of all natural products except minerals.

Meanwhile, there has been growing among consumers, and also among the producers whose unsavory methods have been revealed, an increasing sentiment for code regulation and greater governmental supervision. The Parliamentary session is far advanced and further legislation would be difficult, but there were many signs that it would come, probably in the matter of public works and farm loans and also in revision of the Constitution to facilitate legislation in fields now reserved to the Provinces.

According to the economic indices for May Canadian recovery was apparently being maintained, but obstacles to further advance were being met in some fields. The country as a whole seemed to be back at the early 1932 level, with newsprint and base metals close to 1930 or 1931 figures. Carloadings were still increasing and the general index of economic activity stood at about 95 per cent of 1926. The wheat situation remained serious in several ways. At the end of April Canada had exported only 136,000,000 bushels of her international quota of 200,000,000 bushels and it seemed unlikely that she could fill the quota before July 31 because Argentina, apparently bent on disregarding her quota for 1933-34, was obdurate about an international agreement for 1934-35. Because of the drought in the West the price of wheat rose considerably and the government sold its holdings steadily throughout the month. In general, Canadian agriculture has been hard hit by Winter-kill and drought, so that the yields promise to be only about 50 per cent of the average.

Foreign trade, as usual in April, showed a decline compared to March, although it was 64 per cent above April, 1933. Exports ($31,582,000) increased 72 per cent to the United Kingdom and 54 per cent to the United States. Imports ($34,815,000) from the United Kingdom rose 22 per cent and from the United States 85 per cent. These figures gave weight to British complaints regarding the Ottawa agreement and showed the great strength, despite tariffs, of Canadian-American interdependence.

In an effort to decrease financial obligations in New York and to strengthen the independence of the Canadian dollar, Canada successfully floated a twenty-one-year loan of £10,000,000 in London on May 28, the first of a series rendered necessary by some $423,000,000 of maturities in 1934. The loan sold to yield only 3.48 per cent, the cheapest rate on Dominion funds yet achieved. London was happy to replace New York and heavily oversubscribed the issue. These operations and the government's admission that its central bank must seek British talent have given rise to charges by the Liberals that Canada has fallen back into British leading strings.

G. H. Sedgwick, chairman of the Tariff Board, has gone to England to try to find a new basis for adjusting tariffs on British goods. Owing to the inadequacy of the cost of production basis, a plea by the British wool manufacturers for tariff reductions was recently denied. The shoe manufacturers have now advanced a similar request, but the whole Tariff Board situation is admittedly unsatisfactory. Meanwhile, Stanley M. Bruce, High Commissioner in London for Australia, has been in Ottawa to consult about adjusting the Ottawa agreements and the British quota system.

Cuba's New Sovereignty

By CHARLES W. HACKETT
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THE last shackles on Cuban sovereignty were removed by a new treaty between the United States and Cuba which President Roosevelt sent to the United States Senate on May 19. Twelve days later the Senate ratified the treaty without opposition and with a minimum of debate. The significance of the new treaty, which takes the place of that of May 22, 1903, lies in the fact that it abandons the right of the United States, under the so-called Platt Amendment, to intervene in the internal affairs of Cuba. In the words of Senator Pittman, chairman of the Senate Foreign Relations Committee, the new treaty "simply surrenders our contractual relations with Cuba and lets us resort to international law."

The Platt Amendment had its origin in 1901 as an amendment to the Army Appropriation Act authorizing the President of the United States to terminate the military administration then established in Cuba "as soon as a government shall have been established * * * under a constitution which, either as a part thereof or an ordinance appended thereto, shall define the future relations of the United States with Cuba." Further, the Cuban Constitution was (1) to limit the treaty-making power of Cuba; (2) to limit the right of Cuba to contract public debts; (3) to authorize the United States to "exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba;" (4) to validate all acts of the United States military occupation; and (5) to allow the United States to acquire coaling and naval station rights in Cuba.

Opposition to the Platt Amendment developed at once in the Cuban Constituent Convention. But after an interpretation of the amendment by Secretary of War Root, in which he said that "intervention will only take place to protect the independence of the Cuban Republic from foreign attack or when a veritable state of anarchy exists within the republic," the Cuban Convention agreed on June 12, 1901, to include the Platt Amendment as an appendix to the Constitution. Subsequently the amendment was substantially embodied in the Permanent Treaty between the United States and Cuba signed on May 22, 1903. Under the authority of this treaty the United States Government has intervened in Cuba on five occasions since 1903; in addition, the treaty has also been invoked in protesting against certain features of Cuba's internal administration. The United States Government has, however, exercised great self-restraint in refusing to intervene in Cuba during the disturbances of the past few years. The abrogation of the Platt Amendment is concrete evi-

dence of the sincerity of the Roosevelt administration in its opposition to armed intervention in Latin-American countries.

EX-PRESIDENT MACHADO

To effect the extradition from the United States of former President Gerardo Machado, the Cuban Government on May 24 formally presented documents to United States Ambassador Jefferson Caffery in Havana for certification of signatures. A warrant for the provisional arrest of General Machado in extradition proceedings had been issued in New York City on April 25 by United States Commissioner Garrett W. Cotter at the request of the Cuban Consulate. Officers were unable to locate General Machado, who fled a few hours before the warrant was issued. According to Hubert Herring, student and observer of Cuban affairs, writing in the *New York Post* on May 26, Machado, before resigning and escaping to the United States, had been assured of immunity from extradition by the Department of State, through Ambassador Welles.

DISORDERS IN CUBA

May 1, as International Labor Day, acquired new significance in Cuba this year. For the first time the government declared it a legal holiday and officially permitted demonstrations and labor meetings to be held. Labor leaders made elaborate plans for Cuba's greatest demonstration to celebrate the occasion. These called for the cessation, at midnight on April 30, of all work throughout the island, including the operation of trains, street cars and taxis; the suspension of all newspaper service, dock activities and the daily steamer service between Havana and Florida, and the halting of the domestic air service.

Despite its friendly gestures to labor the government took extreme precautions against disorders. Police reserves and the newly organized riot squads were held ready with tear gas equipment, and troops, thrown into Havana, guarded all strategic points.

The precautions of the government apparently acted as a damper on labor activities. Instead of the several hundred thousand demonstrators that labor leaders had hoped for, only about 10,000 workers participated in the Havana demonstration. Nevertheless, disorders soon developed. A shot fired by an unidentified person led to firing by the nervous soldiers, and a gun battle was soon in progress. A panic ensued in which ten persons were wounded, including a woman, two soldiers, a policeman and six workers. Permits for other labor meetings were immediately canceled and for the rest of the day the streets in Havana were deserted. Throughout other parts of the island the day passed in comparative quiet.

The death of a student who had been arrested on May 1 resulted in a demonstration two days later when his fellows barricaded themselves in a street near the Havana Central Park. Soldiers, ordered to clear the street, met with resistance and in the resulting clash one student was killed and sixteen others were wounded. Fearing further student riots, the military continued to patrol Havana on May 4 and the Cabinet announced that strong measures would be taken to suppress disorders. The same day students began a forty-eight-hour strike in all educational institutions in an island-wide protest against the killing and wounding of students and other persons. Riotous demonstrations took place also in other parts of the country. In Santiago a gathering was broken up by soldiers and

in Santa Clara Province three persons were gravely wounded by soldiers. On May 7, 5,000 Havana University students voted to terminate their strike and to banish communism from the university.

Sporadic disorders during the remainder of the month culminated on May 27 in an attempt to assassinate United States Ambassador Caffery. A volley of shots fired from an automobile into the door of his home by unknown assailants failed to injure him but critically wounded a soldier on guard. The following day anti-American terrorists fired on the automobile of the First Secretary of the United States Embassy. These attacks followed the action of Ambassador Caffery on April 30 in calling the attention of the government to persistent rumors that Communists were planning to attack American property and to the action of student demonstrators on May 5 in assailing the American representative as *persona non grata.*

CHURCH AND STATE IN MEXICO

Two important Cabinet changes were made in Mexico in May, in connection with which the old conflict between church and State was revived. The resignation of Narciso Bassols as Minister of Public Instruction was presented to President Rodríguez on May 9. Señor Bassols was recently the storm centre of a reported plan to establish compulsory sex education and in his letter of resignation he attacked the Catholic Church and blamed the Catholic clergy for the widespread agitation among students and parents. The day following Señor Bassols's resignation he was named Minister of the Interior, which is the ranking portfolio in the Mexican Cabinet. In this position he succeeded Eduardo Vasconcelos, who became Minister of Public Instruction. Some observers professed to see in this change an attempt to discredit oppositionist rumors of a modification in the anti-clerical policy of the Rodríguez government, since the Ministry of the Interior has even more power in this matter than has the Ministry of Public Instruction.

Another controversy involving Church and State developed in the State of Sonora late in May when Governor Rodolfo Elias Calles ordered the closing of all Catholic churches in the State and the expulsion of the priests. This drastic order resulted from friction over official circulars sent recently to educators, civic officials and executives requesting them to express views against fanaticism in religion. Several officials resigned as a result of the request and the State Government, declaring that churches and priests were exerting undue influence over the people, resolved to close the churches and to expel the priests. The policy of the Sonora administration was defended publicly on May 23 by Professor Fernando F. Dvorak, Director General of Education of Sonora. On May 29 Governor Calles decreed that all priests of the State of Sonora who were then in exile might return to the State whenever they were willing to comply with State laws and "cease obstructionist agitation against the State."

DOMINICAN ELECTIONS

Without opposition on May 16 General Rafael L. Trujillo was re-elected President of the Dominican Republic, with Jacinto B. Peynado as Vice President. Other results were the election of twelve Senators, thirty-three Deputies, twelve Governors, sixty-three municipal governments and thirty-three members of an assembly which is to bring about changes in the national Constitution.

The Chaco War Goes On

By HENRY GRATTAN DOYLE

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ONCE again the Chaco and Leticia questions dominate South American affairs. Heavy fighting occurred during May in the Chaco and the American embargo on munitions shipments to Bolivia and Paraguay had world-wide repercussions. (See the article by Professor Nevins on page 453.) Meanwhile, at Rio de Janeiro negotiations over the Leticia dispute were ended successfully.

Paraguay found May to be on the whole a month of military reverses, with Fort Ballivián apparently playing the rôle of Verdun, just as Nanawa served the same purpose for Paraguay during the great Bolivian drive of last year. Indeed, the situations of the two armies are almost exactly reversed. Then it was the Bolivians who were pressing offensive fighting far from their base of supplies; now it is the Paraguayans, whose advances have carried them 300 miles west of the Paraguay River and consequently have given the Bolivians an enormous advantage. Only in the number of troops and in the intensity of the fighting is there a difference. The fighting in May exceeded in men engaged, and probably in percentage of losses as well, anything yet experienced in what the neutral world seems unanimous in calling the most senseless of all wars. More than 100,000 men are reported to have participated in the battle before Ballivián.

The fighting for the possession of the fort began in May 14, following more than a month of preparation, during which the Paraguayans, after advancing in two great columns from Forts Platanillos and Muñoz, united their forces in a curving line extending north and west from Fort Linares, close to the Pilcomayo River, with their extreme right bending slightly to the northeast. Previous attempts to break the Bolivian line at Fort Avanti, and later at the centre of the Bolivian line, had failed. The latest great effort was intended to envelop the northern flank of the Bolivian line. A smashing attack on a twenty-mile front began on May 19 and lasted four days. In the heaviest fighting, which occurred at Cañada Tarija and Cañada Strongest, three Paraguayan divisions attacked across open fields against well-entrenched machine-guns and artillery. Bolivian communiqués claimed that in these attacks and the Bolivian counter-attacks 6,000 Paraguayans were killed, 12,000 wounded, and more than 1,000 taken prisoners. Later reports from La Paz modified somewhat the estimate of Paraguayan losses.

A dispatch from Asunción on June 1 claimed that the Paraguayans had captured about fifteen miles of Bolivian defense works, forcing the retirement of the Bolivian Third Division. This the Bolivians subsequently denied. Amid all these conflicting reports it is difficult to know exactly what to believe. What seems obvious is that the great Paraguayan drive has, for the time being at least, failed, and that great losses have been incurred.

Bolivian air-raids on Puerto Guaraní, on the upper Paraguay River, early in May, were followed by threats of reprisals against Bolivian prisoners. Bolivia countered by threatening to bombard Asunción in the event of such reprisals. Bolivia protested on May 12 against reported Paraguayan intentions to use poison gas, and on May 26, the Paraguayan delegate to the League of Nations, Dr. Caballero de Bedoya, announced that Paraguay would cease to observe the rules of civilized warfare because of Bolivian "terrorism." When the Argentine Foreign Minister, Dr. Saavedra Lamas, asked the Paraguayan Foreign Minister, Justo Pastor Benítez, for a statement of Paraguay's intentions, Minister Benítez replied in effect that Paraguay had not yet abandoned the rules of civilized warfare, but would be compelled to do so unless Bolivia ended the aerial bombardment of unfortified towns.

Charges that the Standard Oil Company of New Jersey was aiding Bolivia against Paraguay, which were dealt with here more than a year ago, were again made on the floor of the United States Senate by Senator Long on May 30 and categorically denied by the Bolivian Minister, Señor Enrique Finot. Senator Long, in reply, called the Minister a "hireling of Standard Oil," and compared him with a filling-station operator. The company itself denied on May 24 the old tale about the pipe-line across the Chaco, a plan abandoned twelve years ago by the company's predecessor.

THE LETICIA SETTLEMENT

Representatives of Peru and Colombia on May 24 signed a treaty in Rio de Janeiro which definitely averted the threat of another useless war in South America. Credit for the peaceful solution of the Leticia question is due to Afranio de Mello Franco, former Brazilian Minister of Foreign Affairs, under whose chairmanship the negotiations were carried on.

The comparative speed with which a settlement was finally reached—negotiations had dragged since Oct. 15—may be attributed to the fact that the agreement which placed the disputed Leticia corridor under the temporary control of a League of Nations commission was to have expired on June 23, and Colombia had announced her intention to resume sovereignty over the territory on that date. Warlike preparations on both sides left no doubt of the imminence of deadly strife. Indeed, only two days before the treaty was signed, two Colombian transports carrying 1,650 troops called at Port of Spain, Trinidad, en route to the Putumayo River and Leticia. News of purchases of munitions and war vessels abroad and of the engagement of foreign aviators as instructors, and reports of the calling of fresh recruits to the colors, gave every indication that war was at hand. In the circumstances, the peaceful solution could not have come more opportunely.

The treaty, however, is not in itself a permanent solution for the Leticia problem. It merely "closes the doors of war and opens the gates of peace," to adapt the words of President Benavides. Even this, of course, is no small achievement. The provisions of the treaty include: An expression of regret by Peru for the incident of Sept. 1, 1932, when Peruvian irregulars seized Leticia; demilitarization of the Leticia zone, with maintenance by Colombia of a small police force; appointment of a mixed commission of three members—selected by the Presidents of Brazil, Colombia and Peru—of which the Brazilian member will be chairman, to supervise the carrying

out of the agreements; and free navigation on the Amazon and Putumayo Rivers, with each party exempting the other from any imposts set up on rivers of common confluence. A non-aggression pact is included in the document, and provision is made for determination of controversies by the mixed commission with the right of appeal to The Hague Tribunal. In all future conflicts The Hague Tribunal is given jurisdiction.

While Peru specifically recognizes the Salomón-Lozano Treaty of 1922, the way is left open to her to regain the Leticia corridor by negotiations. Unofficial reports from Rio de Janeiro indicated that Colombia might be willing to exchange the Leticia corridor for the entire right bank of the Putumayo River with all territory between Putumayo and Napo Rivers. This, it was suggested, would give Colombia a well-defined southern boundary and access to the Amazon.

Allied to the Leticia question are the conflicting claims of Peru and Ecuador in the Oriente region, which Ecuador unsuccessfully sought to have considered at Rio de Janeiro. When a request for participation in the conferences was denied, direct negotiations were opened with Peru. The Colombian President-elect, Dr. Alfonso López, in a speech at Cali on May 28, offered his services in helping to adjust the differences between Ecuador and Peru, since Colombia, he said, "has no interest in their continuance and expects to derive no benefit from their prolongation." Adjudication of these conflicting claims would leave the Chaco muddle as the only major territorial problem in South America.

JAPANESE TRADE INVASION

Japanese trade advances in South America continue to disturb foreign traders of other nations. Reports from Buenos Aires indicate that imports into Argentina from Japan increased 90 per cent in 1933 and exports 120 per cent, as compared with an average of 12 per cent for other nations. Two packing houses in Buenos Aires were reported to be operating day and night shifts in order to fill tinned beef contracts for Japan. Japanese purchases of raw wool in Argentina for January and February aggregated 4,600,000 pounds more than the purchases of any other country save Great Britain. For the same two months one-fifth of the total Argentine export of quebracho extract, used in tanning leather, went to Japan.

In Chile, some concern has been expressed over loss of Chilean exports to Cuba and other Caribbean countries because of the lower freight rates from Japan to Cuba. On the other hand, it was reported that Japan had suggested buying the entire Chilean wool clip.

Japan signed on May 11 a commercial treaty with Uruguay, under the terms of which the two countries grant each other unconditional "most-favored nation" treatment.

ARGENTINE STATE OF SIEGE

The Argentine Senate voted on May 18 to continue the state of siege—a modified form of martial law—until July 15, as requested by President Justo in his speech on May 3 opening the present session of Congress. The state of siege has been in effect since Dec. 29, when it was declared because of attempted revolts in several provinces. The Federal Government "intervened" on June 5 in the State of Tucumán, replacing Governor Nogues with a Federal "interventor," General Sola, on the ground of disorders and "irregularities" that had occurred under the administration of the deposed Governor.

Social Insurance in Great Britain

By JOHN RAWDON

ANOTHER important step in extending and consolidating the British system of social insurance was taken on May 14 when the much discussed bill amending the Unemployment Insurance Acts, 1920 to 1933, passed its third reading in the House of Commons. This revised legislation, which is based largely on the reports of the Royal Commission on Unemployment Insurance, sets the insurance fund on a firmer financial basis and makes provision for reducing the outstanding debt. The bill was sent to the House of Lords, where it was to be considered in the first week in June. It was expected to go into operation on July 1 without any substantial alteration.

While the general structure of the system already established remains, the chief effects of the bill, as summarized by Sir Henry Betterton, the Minister of Labor, in the debate on the third reading, are these:

1. As provided in the budget, the cuts in benefits made in 1931 are to be restored.

2. The maximum period during which insurance benefit can be drawn without any "means test" is extended from twenty-six to a possible fifty-two weeks, depending on the period during which the person in question has previously been employed and has paid premiums.

3. The date of possible entry into the insurance scheme has been advanced to the school-leaving age, and the earliest age for receipt of benefit is to be 16 instead of 16½ years, while unemployed parents are to receive dependents' allowance for unemployed children between 14 and 16 years. Thus the gap between leaving school and qualifying for insurance assistance has been closed.

4. Local authorities are now to be under an obligation to provide instruction for unemployed boys and girls, and the Minister of Labor is empowered to compel attendance.

5. The solvency of the fund is assured, and machinery is provided to maintain its solvency. Despite the rejection of the proposal favored by members of the Opposition, that the Treasury should take over the debt of the fund, which amounted to £106,-700,000 at the end of the financial year 1933-34, the government is to assume a considerable portion of the burden of repayment of the debt, which is to be spread over a period of thirty-seven years.

6. Machinery in the form of a statutory committee has been provided, whereby agricultural and other classes of workers at present outside the scheme may later be included.

Part II of the bill involves a complete reorganization of the "poor law" provision for the relief of those not eligible for insurance benefit. Very few years have elapsed since the Boards of Guardians, which were responsible for the local relief of the poor, were abolished because the areas of their authority did not coincide with other local government areas and their operations resulted in much inconsistency and inequality. In 1929

their functions were transferred to the County Councils, which are the chief organs of local government; but this expedient also was found unsatisfactory both because the burdens of poor relief were not equitably spread and because the treatment meted out to the poor varied with the views of the local authorities.

Under the new scheme the relief of the poor is recognized as a national responsibility, to be nationally organized and controlled. Administration is to be vested in an independent board, directed as to policy by the Minister of Labor and Parliament. It will be the business of the new authority to see not only that the uninsured unemployed receive sufficient money for their support, but that provision shall be made in other ways to keep them fit and employable.

The opposition of the Labor party to the bill rested chiefly on their objection to making any distinction between the insured and the uninsured employed, and on the importance of national responsibility for the unemployed rather than the necessity of financial orthodoxy in the administration of the funds expended.

The Opposition also found cause for complaint in the attitude of the government on "transitional benefits." Transitional benefits are paid to those whose normal maximum period of receipt of benefits has been completed, and who can show that they have no other means of support. The responsibility for applying this "means test" has been with the local authorities, and there have been complaints that the severity of the test varied greatly from district to district. The maximum sum payable has been the ordinary rate of benefit, and the question raised by the Opposition was whether the recipients of transitional benefits, who are perhaps 40 per cent of the total number of registered un employed, would receive, as a resul of the restoration of the 1931 cuts a percentage increase.

The answer appears to be that whil the maximum will be raised, the pu pose of the "means test" is to dete mine what supplementary income needed, and that this will not be a fected. The Labor party, and son of the Liberals, hold that this is a unwarranted penalty on the needi section of the insured unemploye On the other hand, it is indubitab true that the "insurance" charact of the system can only be maintain by putting a limit on the duration benefits. The government is at lea able to claim that it is extending t limit.

Meanwhile unemployment contin to decrease toward the 2,000,0 mark, and employment has increas to almost the 1929 level.

ANGLO-JAPANESE COMPETITI

Walter Runciman, President of Board of Trade, on May 7 took de sive action to break the deadlock tween Great Britain and Japan c cerning the competition of their spective cotton industries in the port markets. Replying in the Ho of Commons to questions regard the results of his conversations v the Japanese Ambassador, he s that he had asked the Japanese G ernment to make proposals, but merely received the answer tha would be willing to consider propo from the British Government w making no proposals of its own. though the British Government lieved that the matter was one w could only be satisfactorily settle agreement, it was unwilling to e protracted negotiations which hel tle probability of success, while Japanese continued to expand

exports to British markets to the detriment of the Lancashire trade. The government therefore proposed, though in no unfriendly spirit, to take such action as it deemed necessary to safeguard British commercial interests. Sufficient measures could be taken without denouncing the Anglo-Japanese Treaty.

With regard to the United Kingdom, Mr. Runciman added, the review of the silk duties by the Import Duties Advisory Committee would not be suspended any longer (or, in other words, additional duties on silk would probably be imposed). As to the Colonial markets, the governments of the colonies and protectorates would be asked where possible to introduce import quotas which, except in the case of West Africa, would apply to all foreign imports of cotton and rayon goods. In order to reinstate Great Britain in the position she previously held in the imports of these colonies the basis would be the average of their imports in the years 1927-31. To prevent a flood of last minute imports, legislation would be enacted to be retroactive as from May 7. In so far as the West African colonies were concerned, treaty obligations prevented differentiation in favor of British goods, but since notice had been given on May 16, 1933, to release the West Indian colonies from their obligations under the Anglo-Japanese Treaty, action there would be limited to Japanese goods. As to competition in other industries, measures would be considered and the home market could be adequately protected by the ordinary procedure of the Import Duties Act.

The list of those parts of the British Empire which have not been asked to pass such legislation is however considerable, and includes Hongkong, Kenya, Uganda, Tanganyika, Zanzibar, Nyasaland and Northern Rhodesia, as well as the self-governing Dominions, Southern Rhodesia, Newfoundland, India and Palestine. India entered into separate agreements with Japan in January and April, 1934, the net effect of which was to favor not so much either Japan or Great Britain as India's own factories, which have made great strides and now supply the larger part of her domestic market. There is, in addition, no certainty that all the colonies and dependencies which have been asked to pass the legislation will actually do so, though most if not all of them undoubtedly will.

AUSTRALIAN INTERESTS

At least one part of the Empire is not working altogether in harmony with Mr. Runciman's plans. Australia has been making decidedly friendly gestures toward Japan, which absorbs a considerable and increasing portion of her wool crop, and John G. Latham, Australian Minister for External Affairs, has recently headed a mission to Tokyo, as well as to China. Australia's relations with Japan are not very satisfactory, and Japanese newspapers took the opportunity of combining words of welcome with demands that Australian tariffs should be lowered, equal treatment given to Japanese immigrants, and the Singapore base abandoned. Relations between Australia and Japan rest, indeed, on a basis very different from those between Great Britain and Japan; and while economic factors must compel Australians to be conciliatory toward one of their best customers, political considerations are likely to urge them to follow an opposite course in direct proportion to Japanese political expansion.

Australia's internal politics continue to be somewhat unhappy, and the threat of secession on the part

of Western Australia (see CURRENT HISTORY for May, page 218) has been backed up by the passage of a bill through the Legislative Assembly of that State, petitioning the Imperial Parliament to give effect to the referendum vote for secession, despite the opposition of the Labor party. Premier Collier said that he was personally opposed to secession, but that the bill expressed the people's wishes.

EMPIRE FREE TRADE

The effect of British agricultural policy upon Australian and New Zealand interests has recently been demonstrated. The British Government decided to take no further action at present in regard to New Zealand's inquiry as to whether Great Britain was disposed to lower its duties on New Zealand dairy products in return for concessions on manufactured goods. The debate on this subject in the House of Commons on May 7 presented the curious spectacle of Liberal and Labor opponents of the government enthusiastically championing empire free trade which they once condemned, while Conservatives, who once advocated it, were now its opponents. The Liberal position is historically illogical, but practically defensible in the light of their principles on the ground that some free trade is better than none. The British Government cannot pursue its policy of agricultural assistance and at the same time renew cheap foreign or Empire imports of agricultural produce on the old scale. The Dominions, on the whole, have benefited far more from the Ottawa agreements than has Great Britain, and they can therefore properly be asked to make the larger concessions.

The whole question, in any event, is likely to await decision until 1936, when it is probable that another Imperial Conference will be held. In the meanwhile not only New Zealand and Australia but to some extent Canada are preparing their demands for a larger share of the British market, and are unwilling to enter into the voluntary restriction agreements suggested by Walter Elliot, the British Minister of Agriculture.

TOWARD IRISH INDEPENDENCE

The Dail Eireann passed the bill to abolish the Senate of the Irish Free State on May 25, and although the Senate can delay action for more than another year its ultimate extinction is beyond doubt, unless the winds of fortune blow President de Valera from office before that time.

During the debate Mr. de Valera again took occasion to declare his purpose of loosening Ireland's connections with Great Britain. He followed this declaration with the further statement on June 8 that "Ireland is prepared to take the full consequences of being an independent nation. There will be a shock, but we should overcome it and become great and prosperous. * * * We shall cut ourselves off from Great Britain. There is nothing more certain."

The Free State budget caused considerable surprise, for it showed a surplus of £1,355,000 for the past year, and for next year proposed decreases instead of expected increases in taxation. These are estimated to result in a deficit of £6,000,000 in a total expenditure of £35,000,000 during the coming year, to be made up by borrowing. Since the national debt of the Irish Free State is at present small, such an expenditure of borrowed money at the present stage of the depression cannot be regarded as unduly harmful, and may be justified by the effect of capital improvements on the condition of the country.

French Confidence Revives

By GILBERT CHINARD
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FOUR months have passed since former President Doumergue of France came out of his retirement to "save France" by heading a crisis Cabinet. The National Union or coalition government that he then formed appears to grow stronger day by day. In spite of minor disturbances in the provinces and continued attacks in the press by Communist and semi-Fascist organizations, M. Doumergue apparently has sufficient support in the country to enable him and his Cabinet to pursue their work of reorganization.

Much importance attached to the attitude of the powerful Radical Socialist party when it met in general congress at Clermont-Ferrand on the eve of the convocation of the Chamber of Deputies. There appeared to be some doubt whether Edouard Herriot, president of the party, who was co-operating with Premier Doumergue as a member of the National Union cabinet, could win his party's support for the government. It was known that the left wing of the party—the so-called "Young Turks"—intended to object to M. Herriot's position in the Doumergue Cabinet, and that they would call upon him to resign if he intended to retain his leadership of the party. However, M. Herriot, supported by M. Caillaux, won a decisive victory. But he could not entirely prevent a schism among the delegates. Twenty of his former followers, headed by Gabriel Cudenet and Jacques Kayser, decided to secede from the party and form a new group which would follow strictly the doctrines of Camille Pelletan, the founder of the Radical Socialist party.

In an effort to forestall criticism, the congress decided to exclude from its ranks six members, Deputies Garat and Monmaure, who are in prison, Senator Proust and former Ministers René Renoult, André Hesse and Albert Dalimier, all of whom were involved in different degrees in the Stavisky scandal. On the whole, the results of the Radical Socialist congress were considered most satisfactory to the government, whose policies were likewise endorsed by the National Union of Veterans in a general meeting held at Metz from May 11 to May 15.

When the Chamber of Deputies reassembled on May 15 after a vacation of two months, it refused to discuss any of the four Socialist interpellations on the general policies of the government, thus giving a vote of confidence to the Cabinet. The Senate confined its discussion to routine matters and showed no inclination to call on the Cabinet for a formal declaration of policy. Premier Doumergue, however, had tried to forestall adverse criticism in Parliament by addressing the country on a national hook-up on the night of May 14. In his usual informal way he reported to his fellow-citizens on the progress made by the Cabinet. Pointing to the example of England, he emphasized the necessity of placing public finance on a sound basis, and called attention

to the fact that eighteen arrests had already been made in the Stavisky case. He also promised a thorough reform of the administration of justice, protection for savings and new measures to remedy the agricultural and industrial crisis. While the Premier's tactics in appealing directly to the country for support are without precedent in French politics, they appear to have strengthened the position of his Cabinet.

That the government had the situation well in hand was evident on May 13, when the Croix de Feu, the Young Patriots, the Young Royalists, the Camelots du Roi and several patriotic societies filed past the statue of Joan of Arc not far from the Place de la Concorde, which was the scene of the disorders of Feb. 6. The demonstration was regarded in advance as a test of strength between the police and the organizations which had participated in the previous troubles. In the afternoon a group of about 5,000 veterans paraded and presented an address to the Premier. Although some of the groups unfurled the Red flag, the police succeeded in avoiding a clash between the rival societies, and an innocent but too inquisitive onlooker was the only person seriously hurt during the day.

Measures have been taken by the government to reorganize and coordinate the Sureté Générale, or secret service, and the municipal police of Paris. Many of the recent scandals may be attributed to the former lack of coordination between the two agencies. On the other hand, no progress has been made by the committees of investigation appointed by Parliament. The committee on the incidents of Feb. 6 will present a very long and probably very inconclusive report, while the committee on the Stavisky case seems to have outlived its usefulness. The murderers c Judge Prince are still at large. Th only progress in the Prince case con sisted in a new post-mortem, fron which it was concluded that Prince had really been assassinated, and had not committed suicide as the press of the extreme Left maintained. In fact, the recent scandals have ceased to arouse the passions or even curiosity of the French people, though they still occupy a prominent place in press discussion and provide material for the "war of posters" which is being waged on the walls of Paris. It is by means of press and posters that the factions of the extreme Left protest that they feel it their duty to defend the republic against Fascist conspiracies, while Fascist or semi-Fascist organizations use the same means of expression to maintain that they will have to arm in self-defense and that the very lives of their members are threatened by Communist thugs.

The French people generally are far less disquieted by these controversies than by the international outlook, which they consider alarming, and by the present economic situation. Consequently they are grateful to the Doumergue government for the new direction given to the foreign policies of France by M. Barthou, although the fiscal laws will be received with even more satisfaction.

The most important of the new economic measures is the new Finance Bill, prepared by Minister of Finance Germain-Martin, which was adopted by a Cabinet council on May 29. Although the government still has the power to enforce this legislation by decree, it will be submitted to Parliament, where it will undoubtedly arouse much criticism. It involves a real effort to bring some order out of the fiscal chaos caused by the 130 tax laws now in operation, a situation re-

sponsible, in the opinion of many, for the high cost of living and the slack state of business. The government realized at the outset that the reductions in salaries and pensions would be unbearable if the tax burden were not distributed more equitably and some reduction brought about in the price of necessities.

The government has therefore tried to take a realistic view of the situation. The tax on agricultural profits which has been practically uncollectable was repealed, along with such levies as the luxury tax, which applied particularly to articles bought by tourists. On the other hand the tax on net incomes was placed at 12 per cent, with a 50 per cent reduction on earned incomes from salaries and corresponding increases on unearned incomes. The tax on bearer shares was left at 17 per cent, while the tax on nominal shares was reduced. The general income tax was reduced from a maximum of 36 per cent to 24 per cent in order to encourage domestic investment.

In order to relieve unemployment Minister of Labor Marquet authorized the officials of the old-age pension fund to turn over 75 per cent of their collections to a National Commission of Public Works. It is hoped by this plan to give a strong impetus to business and to re-employ at least 100,000 persons. The money will be spent by municipal and departmental governments, colonies, railroads and certain authorized industries. They will be able to borrow money at a variable rate beginning at 5½ per cent, but always below the commercial rate of the Crédit Foncier. In addition, a bill was introduced granting a two-year moratorium on mortgage foreclosure in the case of debtors unable to pay because of the economic crisis.

Finally, the Finance Committee of the Chamber, by a vote of 20 to 8, approved an appropriation of 3,000,000,000 francs of additional military credits. These credits, which will be available immediately, will be deducted from the military, air and navy budgets up to 1939 and include 900,000,000 for modernizing the air forces; the balance will be used to complete the fortifications on the eastern frontier.

The main problem now remaining to be settled by the Doumergue Cabinet appears to be that of revising the Constitution. Modifications in the system of government are demanded in order to meet modern requirements and to prevent Parliament from usurping administrative powers. President Lebrun, in a speech at Dijon on May 21, while recognizing that some such changes were necessary, indicated that the reform would be "of a kind and in a measure which suits that democracy and attachment to personal liberties which France has and intends to retain." It is known that M. Doumergue concurs in these views.

The general situation in France seems to be slowly improving as a result of revived confidence in the government. But it is evident that France is suffering from the effects of the economic crisis; not as much perhaps as some other countries, but quite enough to prevent a return to a feeling of stability and security. The foreign trade reports for the first three months showed imports amounting to 8,691,750,000 francs, as against 10,257,483,000 in 1933; exports were 5,983,513,000, as against 6,059,086,000 in 1933. Unemployment increased slightly from 305,322 at the beginning of May, 1933, to 333,211 at the same time in 1934. These figures seem slight indeed in comparison with

those of most other European countries, but are watched by the French with a great deal of anxiety. Finally, the tax returns in March amounted to 2,587,703,000 francs, or 108,353,000 below the estimates. On the other hand, the situation of the Bank of France continues to be very strong. The statement published for the week ended on May 11 showed an increase of 421,000,000 francs in the gold reserve, which amounted at that date to 76,606,962,000 francs, raising the gold cover to 78.26 per cent. It has been noted, however, that at the end of the month a sharp decline in the value of the franc made the exportation of gold again profitable, and that for the first time in the last three months arrangements were made to resume the shipment of gold to the United States.

THE FRENCH COLONIES

The budget submitted to the Financial Assembly of Algeria by Governor General Cardes estimated the receipts for the coming year at 1,810,186,000 francs and expenditures at 1,807,533,182. New revenues had to be procured through increased taxes on gasoline and wines and by a general reduction in salaries. The critical situation of the tobacco planters was stressed, their number having decreased from 21,760 in 1925 to 12,802 in 1933. Production had dropped from 66,000,000 pounds to 28,790,000 pounds. In Tunis the plight of the owners of lead mines normally employing about 4,000 workers has become so serious that the mines have had to be closed.

In Morocco, on the other hand, Governor General Ponsot described the situation as much more satisfactory. The Anti-Atlas region has been pacified, and the opening of a new railroad permits continuous communication by rail between Marrakech and Tunis, thus linking Morocco moı closely with France's North Africa empire. The production of manganes in Morocco has increased from 4,00 to 4,800 tons, anthracite from 10,00 to 27,300 tons, with an estimated ca pacity of 300,000 tons per year in th near future. Phosphate exports hav reached 1,107,000 tons, an increas over last year of 120,000 tons.

The undoubted importance of th colonies and protectorates in the eco nomic life of France appears in th foreign trade figures for the firs three months of the present year French overseas possessions provide French imports to the value of 1,890,000,000 francs and took French good valued at 1,858,000,000 francs. Thes figures represent about one-quarte and one-third respectively of the tota of French imports and exports.

BELGIAN AFFAIRS

The Belgian Parliament convened on May 3 for a calm session. The Socialists, normally the Opposition, had no positive program to offer, while the government, a Catholic-Liberal coalition, encountered only the criticism of the Southern Walloons, who resent their small representation in the Broqueville Cabinet. Besides a possible reorganization of the Cabinet in order to conciliate the Walloons, the main issue appeared to be a third adjournment of Parliament and an extension of the powers of the government to rule by decree.

The young King Leopold III has reappointed the high court dignitaries and counselors who served his father. His civil list, out of which many functionaries and court attendants have to be paid, was increased from 9,500,000 francs to 12,000,000. This is considered a very moderate measure. It was known to everybody in Belgium that the civil list of King Albert was in-

adequate and that the King had to spend a large part of his personal fortune, although he did not live luxuriously.

Even more than the French, the Belgians seem to yearn for security and to live in constant fear of a foreign invasion. On May 9, Paul Segers, State Minister without portfolio and leader of the Catholic Right, drew attention to the unprotected condition of Limbourg and insisted that some agreement be concluded with Holland for mutual protection. Minister of National Defense Deveze reassured the public by declaring that not a cent from the 759,000,000 francs set aside for strengthening the eastern frontier would be diverted from the original appropriation in spite of the pressing need for economies. In addition, M. Deveze has decided to increase the regular army contingents from 30,000 to 38,000 men by the creation of two new regiments. Moreover, the Belgian Government seizes every opportunity to affirm that Belgium ought to provide for her own protection without relying at the outset on French or British assistance. These views are said to be in contradiction to the plans of General Nuyten, Chief of Staff of the army, who maintains that the present army could not possibly defend the 160-mile eastern border. An open break between the government and the army staff over this question now seems imminent.

The Saar Plebiscite Agreement

By Sidney B. Fay
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The question of the Saar territory vied with the Disarmament Conference during May for the attention of the German people. On May 6, Dr. Goebbels, speaking to a crowd of 100,000 Germans at Zweibruecken on the edge of the Saar, declared in his usual emphatic fashion: "There can be no compromise on the Saar question. Come what may, the Reich will stick to you. The Germany of dishonor and disgrace is a thing of the past, and the new Reich rests on honor and power." To offset French propaganda and threats that reannexation of the Saar to Germany will mean economic ruin to thousands of the Saar inhabitants, Dr. Goebbels added: "It will be a matter of national prestige for the Nazi government immediately after the plebiscite to secure jobs for the 40,000 unemployed Saarlanders." German newspapers have been filled with statistics to prove that the economic prosperity of the Saar territory will be improved under German rule.

Dr. Goebbels's speech was not calculated to ease the task of the League of Nations Committee at Geneva which was seeking to arrange a fair and harmonious plebiscite. It also increased the anxieties of G. G. Knox, president of the Governing Commission of the Saar Territory. Even before the speech he had become uneasy over the alleged illegal activities of Nazi propagandists in the Saar, of which he has frequently complained to the League. (See March Current History, page 744.) Already on April 30, he had called the League's attention to the fact that at a general meet-

ing of the Saarbruecken State Police officials, a *formal protest had been* drawn up *against his recent recruiting* of police from among anti-Nazi German emigrants who had fled from Germany, and against any appeal to foreign powers for the maintenance of public order and safety in the Saar. This recruiting of police had caused a great deal of hostile criticism in Germany, as well as in the Saar itself.

The situation at Geneva, therefore, was rather tense when the League committee prepared to set forth its plans for dealing with the Saar problem. After listening to opposing views presented by delegations from the Saar, the League committee considered the matter for a fortnight. On June 3 its conclusions were reported and the next day were adopted by the Council of the League, thus settling temporarily one of Europe's most dangerous questions. The plebiscite is to be held on Jan. 13, 1935. In the meantime a plebiscite commission of three members is to be established under the authority of the League Council, to organize and supervise the vote, which will be taken by unions of communes, or, where the commune is not part of such a union, by separate communes. A supreme plebiscite tribunal, having eight divisional tribunals, will be set up to decide any dispute. Germany and France will each advance 5,000,000 French francs to defray expenses of the poll.

The French and German attitudes toward the plebiscite were embodied in notes addressed to Baron Aloisi, chairman of the League committee. The two governments undertake to abstain from pressure of any kind, direct or indirect, which might affect the voting; to avoid "any proceedings, reprisals or discriminations" against persons because of their political attitude toward the plebiscite; and to take all necessary steps to prevent, or to punish, any attitude by their nationals contrary to these undertakings. Any difference between either government and the League over these pledges is to be submitted to The Hague Court. The Plebiscite Tribunal will be maintained for one year after the voting to deal with all complaints. This "miraculous" settlement of the Saar question was generally hailed with satisfaction in both France and Germany.

THE GERMAN PROTESTANTS

In the conflict between the Nazi "German Christians" and the Opposition Pastors of traditional Protestantism, the latter seemed to gain strength during May and early June, while the former were forced into a more defensive position.

Former Judge August Jaeger, who was appointed on April 11 by Reich Bishop Mueller to the new office of Law Steward of the Reich Evangelical Church, began by announcing that, not being a clergyman but a lawyer, he had no thought of mixing in matters of religious belief and doctrine, but would strive to create a religious administration in which there would be absolute unity in government. Just as political parties had been abolished, he said, so the church must cease to be divided. The leadership principle must also be applied to the churches. More than a score of regional churches had become an impossibility.

To accomplish this unity he and Reich Bishop Mueller succeeded in persuading a number of regional churches, like those of Hesse-Nassau, Saxony and Brandenburg, to dissolve as autonomous State churches and to place themselves directly under the authority of the Reich Bishop. The regional Bishop in these cases takes his orders directly from the Reich

Bishop and the regional synod abandons the right of discussion and self-government in matters of organization, though left free to determine purely theological questions. This victory for the Nazi German Christians was their only real success in May; in other respects the opposition group gained ground.

The opposition on May 3 handed a declaration to Dr. Frick, the Reich Minister of the Interior, which stated that Dr. Mueller's law of April 14 for the pacification of the church had not alleviated the conflict, but had aggravated it. A reconciliation between the German Christians and the traditional confessional church was stated to be impossible. The present church government stands in the way of peace, for it rests not on confidence but on coercion; it puts arbitrary rule in the place of right; it does not protect, but infringes, the confession of the church, and it opposes the church and not its enemies. The opposition, therefore, demanded the restoration of the Evangelical Church constitution, the revocation of the laws and decrees of the Reich Bishop, and the strict fulfillment of the long-since announced promise that not only will the National Socialist State and party not interfere in religious matters but that the Third Reich shall be based on positive religion.

No definite answer appears to have been given by Dr. Frick, but a few days later Herr Roehm, the Brown Shirt Chief of Staff, issued an order forbidding Storm Troops to take part in church demonstrations. This was understood to mean that no Brown Shirt may attend in uniform a meeting concerned with church politics, including meetings of the German Christians as well as those of the opposition. The brave show of uniforms at German Christian meetings has long been regarded by the opposition as unfair, since it seemed to give the German Christians semi-official approval.

Much more important was the meeting at Barmen in Westphalia on May 30 of delegates from all groups opposing Reich Bishop Mueller. They formed what practically amounts to a Reich Free Church. Their aim is to secure their recognition by the Nazi Government as the real representative of the Protestant clergy and laity of Germany in place of the Evangelical Church headed by Dr. Mueller. The members of the new Free Church Synod at Barmen have no intention at present of leaving the existing established Protestant Church. If they are unable to force Dr. Mueller to abandon his post, or to obtain from the government a portion of the returns from the church tax, they will continue for the time being as a church within a church, refusing to obey the decrees of the official Reich church organization and looking toward their own leaders instead of to the Reich Bishop for direction in matters of discipline and doctrine.

The Free Church Synod at Barmen also formed a Reich Council of Elders, which will be regarded by members of the Protestant opposition as the true government of the church. It is headed by the most vigorous of the opposition leaders, Dr. Koch, president of the Westphalia Synod, who recently demanded that the government give the proceeds of the church tax in his province to him as the head of the rebellious provincial synod. The Council of Elders also includes two Bishops, Dr. Meisser of Bavaria and Dr. Wurn of Wuerttemberg. Berlin is represented by two of the most vigorous of the original opposition group, the Rev. Martin Niemoeller and Dr. Jacoby.

The opposition Protestants of Prussia, meeting at Barmen at the same time as the Reich Free Church delegates, organized a Prussian Free Church and Prussian Synod.

Both the Reich and the Prussian Free Synods adopted resolutions prepared by Reich Supreme Councilor Flor declaring that Dr. Mueller and his officials had forfeited their rights under the Reich and the Prussian Church constitutions by abuse of their powers and by teachings and behavior contrary to the principles of the New Testament. The essential opposition argument is that the church constitution adopted in July, 1933, calls on the church authorities to follow the teachings of the Evangelists in all matters of doctrine and church government, and that the principles of the official German Christians and the policies of Dr. Mueller directly contradict such teachings.

The Free Church has adopted a confession that defines the attitude of the "lawful church" regarding the Totalitarian philosophy of the National Socialists and relations with the State. It contains six points: (1) Direct issue is taken with the German Christian theory that the National Socialist revolution is to be regarded as a revelation of Divine Will; (2) the power and love of Christ are of supreme consideration; (3) no philosophy apart from Christian revelation can be regarded by the true Protestant as of more than secondary value, and any effort to raise the racial theories of the National Socialists to a position of supreme importance is to be decried; (4) the church is not justified in taking on worldly forms, and, accordingly, no effort to create a form of church government that imitates the National Socialist State can be justified; (5) the church ought to be independent of the State, and cannot serve political leaders or take into consideration political programs without destroying the church's usefulness to society and to the State; (6) the church can serve only one master, and dares not place its ceremonies and facilities at the service of any plan or program except its own.

For Bavaria, Southwestern Germany and Westphalia, where Dr. Mueller's opponents predominate, this action means virtually a declaration of independence from the German Evangelical Church formed under Nazi influence last Summer. Unless the Nazi government disowns or discards Dr. Mueller and his supporters, who are now in the control of the majority of the church offices and the greater part of the church property, it seems likely that the opposition Protestants, representing the old Lutheran and Calvinist traditions, will be forced to form a self-supporting denomination and abandon the present established church to the Nazi German Christians. In Northern and Eastern Germany the Nazi German Christians have a majority in almost every parish council, so that many parishes will be split into a majority group looking to the Reich Bishop for guidance, and a minority group that will attempt to ignore him and look to the Free Synod for direction.

THE NAZIS AND THE CATHOLICS

The conflict between the Nazis and the Roman Catholics, largely over the control of education and youth organizations, has been increased by the unauthorized activities of local Nazi zealots or subordinate officials. Residences of Catholic priests have been attacked and parades of Catholic youth organizations interfered with. An open break between the Nazi

régime and the Catholic Church seemed likely on May 3 when Dr. Hellmuth, Nazi district leader and official representative of the Bavarian Government for Lower Franconia, proscribed all Catholic youth and young men's associations in his district. Not only did this infringe the Concordat between Hitler and the Pope, but the orders issued to the mayors in Lower Franconia flatly stated: "By virtue of this order, regulations which provisionally protect Catholic organizations [Article 31 of the Concordat] are suspended."

To deal with issues between the Catholics and the Nazi government, negotiations were opened in Berlin on May 7 between three German Catholic Bishops and three representatives of the Reich Government. No definite result of the negotiations was made known during the following four weeks. Probably the Hitler government sought to soft pedal the conflict and to avoid any sharp break with the Vatican for fear of unfortunate repercussions upon Roman Catholics in the Saar.

GERMAN "NEO-PAGANS"

A new German religious movement was formally founded on May 26. It may be called "Neo-pagan," and is designed to supersede Christianity with the worship of the old Germanic gods. Called "The German Faith Movement," it was formed through the amalgamation of six societies noted for their hostility to the fierce and cruel way in which Christianity was forced upon the pagan Saxons by Charlemagne and for their stanch adherence to the historic Teutonic tribal deities. Instead of claiming Charlemagne as a good German, they repudiate him as a cruel French Christian. There is considerable sound historical and archaeological scholarship behind some of their contentions, but they have indulged in exaggeration and greatly minimized the benefits of Christianity in the history of Germany.

The six societies merged in the German Faith Movement were "The Friendly Circle of Coming Congregations," "Nordic Movement," "Nordic Religious Working Cooperative Movement," "Eagle and Falcon," "Ring Circle" and "League of Free Religious Congregations." As its creed the movement asserts the desire for "the religious rebirth of the people out of the foundations of German character." In its meeting places the Christian cross will be replaced by the "Golden Wheel of the Sun." Its members are required to resign their membership in any other church and to swear before a notary that they have no Negro or Jewish blood and do not belong to a Masonic or other secret order.

AUSTRIAN AFFAIRS

Austria signed on May 14 a triangular trade agreement with Italy and Hungary. Austria agreed to import 2,200,000 quintals of Hungarian wheat and Italy 2,000,000 quintals. (A quintal equals 3.67 bushels.) Austria will increase her importation of Italian agricultural products, such as rice. Italy is to reduce warehouse, handling and port charges on Hungarian goods passing through the ports of Trieste and Fiume. Parallel with the government negotiations, Austrian and Italian manufacturers carried on negotiations to fix prices and production of goods manufactured in the two countries. According to Richard Schuller, the Austrian Minister who carried on the government's negotiations in Rome, the new trade agreement will assure Austria of a sufficient bread supply, and make her economically

independent "of any other country," doubtless meaning Germany.

Archduke Eugene of Habsburg returned to Vienna on May 24 after fifteen years of exile. As one of the Habsburgs who refused to take the oath of fealty to the republic and to renounce their imperial claims, he had to leave the country in 1918. He was welcomed by a great many monarchists, former Habsburg military officers, and leaders of the former aristocracy, including Prince Max Hohenberg, son of the former heir to the throne, Archduke Franz Ferdinand, who was murdered at Sarajevo in 1914. Archduke Eugene's declaration that he had come as a private person, and an official statement that there was nothing official about his reception, were taken as an indication of the way in which the return of Archduke Otto will some day be effected.

Italy's New Economic Crisis

By WILLIAM E. LINGELBACH
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In common with certain other countries, Italy during May showed increasing evidence of economic distress. For the last few years she has suffered constantly recurring budgetary difficulties; the surplus of 555,000,000 lire in 1928 has gradually turned into a deficit, which amounts at present to about 550,000,000 lire (the lira is currently 8.5 cents). Of course, a good part of the deficit is due to the extensive program of public works, which, as in the United States, is linked with relief of unemployment, and which, for the present at least, is unproductive. Besides the budgetary deficit, Italy has an alarming excess of imports over exports, which has been increasing steadily despite every effort to correct it.

The unfavorable trade balance was in a large measure responsible for the recent cut in salaries and wages, and for drastic measures to keep down prices. Foreign trade, which Mussolini regards as essential to the national life of Italy, can maintain itself only if it can meet the competition of other countries. Consequently, production costs must be brought down still further, and since all other means are exhausted this has to be effected in wage cuts, which in turn inevitably depress further the standard of living. To reduce the effect of this as much as possible, the government has decreed a low price level for rents, foodstuffs and other necessities.

Under the direction of the National Confederation of Commerce, assisted by municipal authorities and representatives of the Fascist party, a vigorous campaign against violation of price regulations is being waged. Early in May, Achille Starace, National Secretary of the Fascist party, issued orders for the exercise of especial vigilance; scores of food shops in different cities were closed and their owners fined or imprisoned for overcharging. Two vigilance committees were set up, one to exercise daily control over prices, the other to issue periodically the list of prices of the twenty-one commodities which the

National Institute of Statistics considers basic. How far these measures, which are diametrically opposed to American methods of price fixing, will succeed, remains to be seen. Italy is manifestly confronted with a crisis in her economic life which cannot be solved save by the most heroic measures.

As has been repeatedly explained in these pages, the Fascist government has been confronted by almost insuperable obstacles in combating the effects of the world economic depression upon a country greatly overpopulated, without coal or iron and other important natural resources. The task of lifting the nation out of the anarchy and chaos of 1919-21 and starting it on the road to economic recovery has involved a constant struggle against enormous odds. For a dozen years the struggle has gone on with undiminished vigor, with a ruthless assertion of the rights of the State against those of the individual, and a self-imposed discipline unparalleled elsewhere. How long this can continue amid the general disruption of international commerce and credit is a question. Since maximum taxation has already been reached, the increasing annual budgetary deficit and the unfavorable trade balance mounting quarter by quarter are the source of much anxiety and criticism.

To prevent the flight of capital from Italy two decrees were issued on May 26. One forbids the purchase of foreign exchange by Italians save for trade and tourist purposes; the other places all foreign securities under government control. At about the same time Mussolini again asserted that Italy will not depart from the gold standard. The Premier seems to have considered, however, a proposal for pegging the currency somewhat below the present level of the lira.

The economic plight of Europe seems to express itself in chauvinistic ways. France has appropriated an additional 1,000,000,000 francs to increase her fleet of military airplanes. In Italy the warlike speech from the throne at the opening of Parliament last April has received much attention, and naval estimates for the five-year period beginning with 1935 have been increased 480,000,000 lire. Since the visit of Under-Secretary of State Fulvio Suvich to London, moreover, it appears that there has been a considerable change in Mussolini's attitude toward international affairs in general. Having denounced futile conference methods, Mussolini has apparently given up the rôle of mediator in the program of direct negotiations among the powers, and has gone over to the British view in the dispute between France and Germany.

Speaking of the increased naval and air budgets, Mussolini referred sarcastically to the failure of disarmament and announced that the Navy Department would construct three new battleships similar to the French Dunkerque type. This will bring Italy's construction up to the 70,000 tons allowed her under the Washington treaty. The combined cost is estimated at approximately $85,000,000. The air fleet is also to be greatly strengthened, thoroughly renewed and modernized, appropriations for that branch of the service approximating 1,000,000,000 lire.

THE CORPORATIVE STATE

On May 9 Mussolini laid before the Central Corporative Commission plans for the reorganization of Italy's economic life into nine great confederations and twenty-two corporations. The thirteen national confederations established in 1926 by the Legal Discipline of Collective Labor Relations

Law are reduced to nine, each composed of an equal number of representatives of capital and labor. The twenty-two new corporations are divided into three groups. The first group deals with cereals, horticulture and fruit, viticulture and wine, oils, beetroots and sugar, stock raising and fisheries, wood and textiles; the second with metallurgy and machinery, chemicals, clothing, paper and printing, building and construction, public utilities (water, gas and electricity), mining, and glass and ceramics; the third with insurance and credit, professions and the arts, sea and air transport, internal communications, the theatre and "hospitality" (hotels, restaurants and travel). These new corporations are developed on the basis of "cycles of production" and involve a complete reorganization of the syndical framework, which was built upon vocational unions.

The direction and planning of the economic life of the nation are given over completely to the corporations, which will coordinate and regulate production in the national interest. It must be noted, however, that the plan provides for the control and supervision of the new institutions by the Fascist party. The president of each of the corporations is appointed by the Minister of Corporations (Mussolini); each must be a Fascist and must have associated with him in the council of his respective corporation three members of the Fascist party.

The National Council of Corporations reorganized along the new lines will, when completed, replace the present Chamber of Deputies and will be charged with the supervision of all economic matters in the State. In this way the lower house will eventually be based upon occupational groups in a particular area. The Senate will apparently continue, with extended functions and increased prestige, to take care of matters not of direct economic character.

SPAIN SETTLES DOWN

Prime Minister Ricardo Samper's newly formed Spanish Ministry made its first appearance before the Cortes on May 2. Only three new Ministers appeared on the government bench—Vicente Santos (Justice), F. Villa Lobos (Education) and José Feranzo (Commerce). Eight members of ex-Premier Lerroux's Cabinet were retained. The well-known veteran internationalist, Salvador de Madariaga, who held the portfolio of Justice and also that of Education in the last Ministry, was not included. The Cortes voted its confidence by 217 to 47, those opposed representing the maximum strength of the Left opposition mustered by former Premier Azaña and his friends. At that the dissent was chiefly a protest that President Zamora had not resigned when he and Premier Lerroux had disagreed over the Amnesty Bill.

Gil Robles, the leader of Catholic Action, the largest party in the Cortes, in his speech supporting the Ministry, officially announced that his followers accepted the republic and would work for their policies by constitutional methods. In the meantime he is building up an organization which will be of great value if and when he comes to control the country. Catholic Action is basing its hopes for the future largely upon the extraordinary awakening of political consciousness among the youth of the nation, as seen in the gathering of 20,000 members of the J. A. P. (the youth organization of Catholic Action) from every part of Spain on April 22, which made a powerful impression. The oath sworn to by the young men, which

contains such telling slogans as "War on class war," "Work for all," "Down with parliamentarism, down with dictatorship, up with the people organically incorporated in a State," has been given wide publicity.

While the Right is thus organizing and developing its strength, the Left is disintegrating still further. Not only did it lose heavily in the elections but it has also lost its former solidarity. The Socialist rank and file, despite the recklessness of some of the leaders, are seemingly tired of the futile strikes that lead nowhere. This explains in part why Labor Day, or, as the Spaniards call it, "The Feast of Labor," passed off quietly despite the predictions by the Left that it would be the reddest Labor Day Spain had yet seen.

Furthermore, the worst of the labor difficulties were adjusted during the month. The strike which had kept 30,000 away from work since the Socialist-Syndicalists called a general walkout in Saragossa on April 4, ended on May 10. The suffering and the loss to the city were enormous, and there was great rejoicing when the factories and mills reopened. At Valencia the strike of the gas, electric and water works employes, which began early in March, was also settled, as was the strike in Madrid.

In Barcelona disturbances arose when the Catalan Generalitat took control of the 1,500 new men sworn in by the local government to take the place of the old police force, which had been appointed and controlled by the Madrid Government. Those replaced asked to be transferred to other regions and refused to serve under the Catalan Government. The Catalans, however, are much elated by the change, for they believe that much of the recent lawlessness in Barcelona has been due to laxity the part of the police. All this is to be corrected; the new force is be equipped with up-to-date weap and organized under ten police c missioners, one for each district the city.

Among the other acts of the C lan Generalitat is a revolution land law which provides for breal up the land into small tracts of a no larger than the farmer and family can work. The occupants farm must do two-thirds of the v required and may hire labor only the remaining third. All previous tracts by which the farmer pays t and seignorial fees are abolished. minimum lease is for six years, may be prolonged. Subletting is bidden, and it is expected that land will pass from father to After eighteen years the peasant the right of purchase. Commiss composed of a president appointe the State government, eight ele representatives of landowners farmers, and the secretary of municipality are set up to adjudi claims, and cases may be appeale the Catalan Supreme Court.

Another angle of the land prob appears in the restoration to cer grandees of their great landed est in other parts of Spain. Many of t noblemen are returning to their mer homes, released from exile political prisons by the amnesty cree. One, José Calvo Sotelo, at took the seat in the Cortes to w he had been elected in his absence.

From London came the rumor in May that ex-King Alfonso had clared himself prepared to mak formal renunciation of the th and persuade the different Roy groups to unite on Prince Juan the claimant.

Dictatorship Grips Bulgaria

By FREDERIC A. OGG
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BULGARIA must now be added to the lengthening list of European countries that have turned from parliamentary government, at least of a sort, to an "authoritarian" political régime. A group of military men and politicians, assisted by the Sofia garrison, on the night of May 19 executed a *coup d'état* which quickly upset the already tottering Mushanov Cabinet, forced King Boris to accept a dictatorship ostensibly headed by Kimon Gueorguiev as Prime Minister, and to all appearances signalized the collapse of the country's somewhat flimsy democracy. The clocklike precision with which the coup was carried out indicated careful planning, and a newspaper article by Peter Todorov, the incoming Finance Minister, later revealed that preparations had been going on for fully half a year.

There was at first a good deal of uncertainty as to whether the King had sponsored the project, but it is now known that he was aware of it in only a general way and that when suddenly confronted with the demands of the leaders he began by declaring that he would abdicate rather than acquiesce in an unconstitutional change of government. Later he bowed to the inevitable, fearing that abdication would bring civil war.

For some time past Bulgaria's political situation had been going from bad to worse. Party strife and what was considered an unreasonable demand of the Agrarians for more representation in the Cabinet led Premier Mushanov on May 14 to offer his resignation. Alexander Tsankov, who had been long active in a movement to bring about a non-party government, with a parliament somewhat like that of the Italian Corporate State, had an active supporter in Gueorguiev, the new Premier. But neither Tsankov nor Gueorguiev seems to have been the leader of the coup. To Damyon Veltchev, ex-director of the national military academy and spokesman for the conspirators when their demands were presented to the King, apparently belongs that honor. Without holding any office, he is credited with being the country's actual dictator today.

The usual methods of *coups d'état* were employed in Bulgaria. Troops occupied public buildings and railway stations; machine guns were placed in squares and at other strategic points; telephone exchanges were occupied by the police; martial law was declared; the deposed Ministers were forbidden to leave their homes; hundreds of arrests were made. Whether or not because of these precautions, the change was accepted quietly both in the capital and throughout the country.

Though in the press the new régime has commonly been characterized as Fascist, Premier Gueorguiev insists that it is neither Right nor Left, but Centre. There is no question, however, that its establishment marked the end of such parliamentary government as Bulgaria had known and the substitution of government of the

strictly "authoritarian" type. The democratic régime, it was charged, had broken down; party government had failed.

Whether all political parties would be banned had not been decided when these lines were written, but the Premier admitted that the subject was "being studied." At all events, the old Parliament has been dissolved and in its place is to be set up another, consisting of 100 members instead of the former 274, three-fourths appointed by the government, on lines still to be worked out, but in any case assuring absolute government control. Though supported by parties, the new order, it must be observed, is not one involving a monopoly of power by a single party, as in Italy, Germany and Soviet Russia. Rather is it a politicians' régime, profiting from such popular approval as may be forthcoming but resting ultimately upon control by the army.

Having planned long in advance, the group which engineered the coup had in readiness a manifesto presenting a program of domestic and international action. High in the list of domestic policies stood: (1) Organization of a "disciplined State," with administrative reforms involving fusion of certain Ministries and other measures of simplification and economy; (2) creation of "stable" local governments by removing locally elected mayors and other officials and replacing them with appointees of the central government; (3) re-establishment of the credit of the State by balancing the budget and opening up new sources of revenue; (4) extension of new credit facilities, especially to farmers and artisans; (5) reduction of unemployment through measures to provide work by strict application of social legislation; (6) a fundamental reorganization of the educational system, and (7) reforms exp diting the administration of justi The new Cabinet was reduced to sev members and Ministerial salaries c by half.

The new government's manifes declared for the maintenance of pea and good relations with all natio particularly neighboring ones, a for the resumption of relations wi Soviet Russia. Indicative of a w ingness to accept the principles the hitherto much-criticized Balk pact was a statement of the new P mier that he stood willing to conclu non-aggression agreements with Balkan States. Mindful of Bulgari close relations with Italy, Yugosla watched developments keenly. But did not appear that, beyond a proba tightening of policy at Sofia agai Bulgarian radicals—most of whc after all, are anti-Yugoslav—th would be any appreciable effects. It ian official comment was confir largely to expressing satisfaction w Bulgarian acceptance of the Fasc theory of the necessity for strong ce tral government.

In one section of Bulgaria the r of a régime professedly bent up "establishing governmental author throughout the country" roused s cial concern. This was the Petr district and the environs of the C of Kynstendil, where the Macedon I. M. R. O. (Internal Macedonian R olutionary Organization) has be dominant. Four days after the cc the president of the Bulgarian M tional Committee, which represe the pacific wing of the Macedoni movement, declared that the Ma donians had not the slightest reas to complain about the change of g ernment. The revolutionary I. M. O., however, is a different matter, a if that body seems to acquiesce what has occurred, it is probably o

because the coup at Sofia was accompanied by prompt and energetic measures against I. M. R. O. leaders and organizations. On the heels of the government's announcement of intention to "establish governmental authority throughout the country" came, indeed, the information that it was planned not only to break up the semi-autonomous, Macedonian-dominated Petrich area, as part of a general reconstruction of the provincial system, but also to dissolve the I. M. R. O. itself. Further evidence of anti-Macedonian bent was supplied by the recall of General Ivan Volkov, notoriously friendly toward the Macedonian cause, as Bulgarian Minister to Italy.

Behind the new régime lies no powerful social movement. A handful of individuals have created it—individuals who, for the most part, are amateurs and theorists without prestige. The public credits them, however, with honesty and good intentions, and is as yet well disposed. Weary of corrupt and time-serving parliamentarians, it apparently thinks that the dictatorship cannot be worse than the pseudo-democracy which it has displaced—and it may be better.

POLISH FOREIGN POLICY

Cabinet changes which occurred in Poland on May 16 can hardly be described as flowing from a "Ministerial crisis." At all events, it was a very quiet affair, arising, it is believed, from Marshal Pilsudski's desire to have at the head of the government a man who will push agricultural reform. Former Premier Jedrzejewicz, best known for his reconstruction of the Polish school system, silently retired; Leon Kozlowski, gentleman farmer and champion of the large landholders, took his place; and only two other posts changed hands. Marshal Pilsudski remained as War Minister and Colonel Joseph Beck as Minister of Foreign Affairs, so that no early shifts in foreign policy were foreshadowed.

Poland's willingness to sign a pact of peace and good-will with Germany last November aroused considerable fear in Soviet circles lest the two powers had also reached a secret agreement whereby Germany was to get Silesia from Poland, compensating her with that portion of the Ukraine which fell to Russia under the terms of the peace treaty signed at Riga on March 18, 1921. This apprehension is now construed at Moscow as having been removed by a Polish-Soviet protocol of May 5 providing for extension to the end of 1945 of the non-aggression agreement executed on July 25, 1932, and for automatic extension thereafter for two-year periods unless either party gives six months' notice of its desire to end it. Poland, equally with the Soviet Union, disclaims any obligation that would lead to a violation of the Riga treaty. The new agreement not only pleases the Soviets, but gives Poland a sense of security for at least eleven years on her Eastern border. Accompanying the protocol was another in which the Soviet Government relieved Polish fears by asserting that it has no intention of interfering in territorial questions between Poland and Lithuania.

For some time, it is believed, Poland has been seriously considering withdrawal from the League of Nations. The motive would be to exact terms from the great powers which might be obtained more readily outside the League than within it. One objective would be a new arrangement in regard to minorities—either excusing Poland from her obligation to protect them or making a similar obligation world-wide. But the main

purpose would be to win definite recognition as a great power, and with it, as its most unmistakable token, a permanent seat in the Council of the League.

Long in the Polish mind, the matter has been brought to a head by Russia's definite return to the concert of powers, and especially by her impending admission as a member of the League. Poland, aware that she will be displaced in Western political circles as the principal Slav power, proposes to fight for equal recognition with Russia in the League organization. Bargaining strength might be increased by leaving the League altogether, or at all events by threatening to do so.

MASARYK AGAIN PRESIDENT

The Czechoslovak National Assembly on May 24 enthusiastically reelected the 84-year-old Thomas G. Masaryk for his third term as President of Czechoslovakia. The National Constitution forbids re-election of a President more than once, except in the case of Dr. Masaryk who, as founder of the republic and supreme embodiment of its ideals, is eligible for an indefinite number of terms. For election, the Constitution requires three-fifths of the total number of votes cast. Seven years ago Dr. Masaryk attained this proportion with a total of 274 votes. This time he secured 327 out of a total of 418, or 75 more than required.

All the German political groups participating in the government coalition gave him their support, as did two non-government German parties—the Clericals and the Economic party. German Nationalists and Czech National Democrats neither supported nor opposed as parties, but permitted their Senators and Deputies to vote as they chose. The Hungarian Clericals and Slovak Clericals cast bl ballots, the only votes actually re tered against the President b those of thirty-eight Commu members.

HUNGARY APPEALS TO GENE

The Council of the League of tions on May 14 postponed consid tion of charges against Yugosl lodged with the League two days viously by the Hungarian Gov ment because the Yugoslav Gov ment had not had time to prepar statement. The Hungarians comp that Yugoslavia is practicing syst atic terrorization along the 300 n of the countries' common frontier is seeking, by economic means, close the frontier to all traffic.

It is charged that during three years ended January, 1 Yugoslav frontier guards killed teen Hungarian citizens, shoo down many of them "under brut unnecessary circumstances," and the Belgrade Government has ref to permit such incidents to be inv gated and settled by mixed com sions. It is alleged, in addition, Yugoslavia allows commodities cross only at nine places on the f tier, as a result of which Hunga farmers with land in both count must in some instances travel as n as ninety-five miles in order to b home their crops.

The Yugoslav press in the co of vigorous protests declared an impartial investigation would s that Hungary tolerates terrorist against Yugoslavia, and that Bu pest's action was inspired by de to check the economic rapprochem between the Little Entente and It which has made considerable progr

It was announced in Rome on 1 14 that, after two months of n tiations, experts representing H

gary, Austria and Italy had worked out eight protocols designed to stabilize Central Europe by placing Hungary and Austria on their feet economically. Among them were two preferential trade agreements—one between Hungary and Italy and the other between Hungary and Austria—as a result of which Italy and Austria will buy 4,200,000 quintals of Hungarian wheat at 15 Hungarian pengoes (about $4.50) a quintal (3.67 bushels). Hungary, to the consternation of some of her "infant" industries, gave Italy important customs concessions on manufactured products. At one time the negotiations were so near to breaking down that the Hungarian experts went home. These agreements supplement the political protocols signed by the three powers on March 17.

Premier Goemboes, in a notable speech in Parliament on May 7, announced that the government had decided to suppress the Nazis in Hungary by all legal means, but also that in signing the March protocols Hungary did not guarantee Austria's independence, and that she "should not interfere in the matter of the Austro-German *Anschluss*."

YUGOSLAVIAN TRADE PACT

To replace a most-favored-nation agreement of July, 1933, Yugoslavia and Germany signed at Belgrade on May 1 a new commercial treaty, effective on June 1. By its terms Germany grants considerable advantages to Yugoslav tobacco, lumber, oilseed, fruits and vegetables, while Yugoslavia concedes full most-favored-nation treatment, and in addition a series of preferential tariff rates for German manufactured goods. The treaty, which looks to a more extensive exchange of German industrial products for Yugoslav agrarian products, has been extolled as a beginning of a new Central European cooperation between Germany and the Danubian countries—a *Mittel Europa* based not upon political ambitions but upon economic collaboration.

RUMANIA SHUNS DICTATORSHIP

A dictatorship for Rumania, it was continually reported during May, was just around the corner. Former Premier Averescu was known to have aspirations in that direction and to be in daily consultation with former Finance Minister Argetoianu, another stanch advocate of "strong government," and with George Bratianu, leader of the dissident Liberals. The story was that there would soon be an Averescu *coup d'état,* with the secret backing of King Carol. Foreign Minister Titulescu was to be ousted, Rumania swung away from France toward Germany, Parliament dissolved, and a dictatorial régime organized that would govern by decree until elections next Autumn.

Toward the end of May the danger, if it ever really existed, was largely removed. The improved situation resulted in part from a reconciliation of the hitherto discordant leaders and wings of the National Peasant party and the rallying of all the party's numerous forces to defend the Parliamentary régime. Another factor was the flat refusal of Foreign Minister Titulescu to consider taking office under Averescu, combined with a warning supposed to have been sounded by the French Foreign Office, which usually has the last word in Rumanian politics, that no Ministry from which M. Titulescu is absent can have the confidence of France.

GREEK POLITICAL UNREST

In spite of a working agreement reached on April 21 by Premier Tsaldaris of Greece and his arch-opponent,

M. Venizelos, the streets and coffee-shops of Athens continued to hum with talk of political plots, plans and happenings. It is an open secret that General George Condylis, the picturesque Minister of War, strongly favors a dictatorship and would himself like to be the dictator. "Nowadays," he says, "dictatorship is the normal condition of a State." As the country's "strong man," with the full support of the army, he unquestionably could make a bid for power. Despite denials in some quarters, it is generally believed that at one stage of the controversy over Greece's adherence to the Balkan pact the government, faced with strong opposition, seriously considered dictatorship as a solution for its difficulties. The Ministry is admittedly weaker but is planning means to consolidate its position.

The situation is complicated by the approach of a Presidential election. President Zaimis's five-year term is drawing to a close, and while one point in the April agreement was that he should be re-elected, the President is 76 and is reported to be in poor health, so that there is doubt whether he can or should be chosen for another term. Further difficulties arise from the fact that the Chief Executive is elected by the members of the two chambers, sitting separately. The government, which supports Zaimis, has only a slender majority in the Chamber and no majority at all in the Senate. The Venizelist Opposition has proposed that the President be elected in joint session, but the government, foreseeing defeat under such an arrangement, naturally opposes the plan.

Latvia Turns From Democracy

By RALPH THOMPSON

THE outstanding event in Northern Europe during recent weeks was the Latvian *coup d'état* of May 16. Some observers declare that because of it the little Baltic State should be regarded as another convert to fascism. But even if the new order in Latvia bears some Fascist marks, it also represents a determined stand against the kind of fascism that stems from Berlin. Latvian spokesmen explain the new authoritarian régime as a necessary preliminary to the establishment of a genuine democracy.

On May 16 Premier Ulmanis dismissed the Diet, proclaimed martial law, and instituted other restrictive measures. This looked as if Hitlerism had succeeded in penetrating to the Baltic area, and the Berlin press greeted the move with what *Le Temps* (Paris) called "cries of joy." But it soon became apparent that the Latvian Government was acting from highly nationalistic motives, and that in suppressing parliamentarianism and personal liberty it was combating the local German minority and Hitlerite organizations as well as the Leftist groups inspired by Russian ideals. Even the Moscow newspapers commented with satisfaction upon the check which Premier Ulmanis had administered to Nazi diplomats.

In proclaiming the state of emergency, the Ulmanis government announced that party warfare had so obstructed the proposed reform of

the Constitution and the putting into effect of important legislation, and had so endangered the safety and liberty of citizens that drastic measures had become necessary. In dissolving the Diet and declaring political party activity illegal, the government protested that it was not destroying democracy but merely forestalling a movement from the Right or from the Left which would have eventually destroyed the democratic basis of the State and deprived the people of their rights and privileges.

Large bodies of troops occupied telephone exchanges, public buildings and strategic points in the capital; a strict press censorship was set up; the sale of alcoholic drinks was temporarily banned; processions and public meetings were forbidden. Prominent Socialists (including Speaker Kalnins of the Diet) and leaders of the extreme Right were arrested on charges of conspiring with their respective followers to overthrow the State by armed force. The entire coup was effected with practically no violence.

The Ulmanis Cabinet was reorganized on May 17, with the Premier remaining also as Minister of Foreign Affairs; General Balodis, hero of the Latvian struggle for independence, still as Minister of War, and Margers Skujenieks, one-time Premier, taking office as Vice Premier. Subsequently it was announced that the Cabinet would exercise the functions of the Diet until the Constitution is amended to set up a parliamentary body "more truly representative" of the popular will.

Latvian officials stated that during the crises the government acted in conformity with Article 62 of the Constitution, which gives to the Cabinet in a state of emergency the right to proclaim extraordinary measures. But Article 62 provides also that the extraordinary measures must be put before the Diet without delay, while Article 48 requires that the question of dissolving the Diet shall be submitted to a vote of the people. There is no provision for a non-parliamentary government in Latvia, even in the interval between the dissolution of one Diet and the assembling of the next.

Thus by a series of sudden moves, plausibly explained but clearly unconstitutional, the reactionary forces in Latvia have swept away all visible opposition. The liberal elements have been gagged on the plea of necessity. Anti-Semitism has raised its ugly head, even though Vice Premier Skujenieks and General Balodis have openly declared that it would not be tolerated; several Jewish-language dailies have been suppressed and all members of the Jewish committee carrying on a boycott against German goods have been arrested. The trappings of fascism bedeck a régime which somewhat paradoxically professes devotion to the democratic ideal.

LITHUANIAN LAND REFORM

Land redistribution in Lithuania, begun in 1919 to provide for the landless and for those without enough land to provide subsistence, has been under way some fifteen years. It now appears that the work will be completed before the end of the decade. The Constituent Assembly in 1922 empowered the government to appropriate entailed estates, land granted by the former Russian Government and certain other properties, altogether about 2,500,000 acres. Part of this area was bought by the State; the remainder was taken over with-

out indemnity. The latest figures show that at the beginning of 1934 about 1,600,000 acres had been allotted. New settlers numbering over 37,000 received about twenty-five acres each, while other parcels have been granted to soldiers, churches, cemetery associations, schools, State and municipal institutions, and so forth. Certain of these redistributed lands pay rent to the State in the form of produce, but those belonging to wounded soldiers and the families of those killed in defense of the country are free grants.

FINNISH AFFAIRS

The Finnish Government has recently adopted measures to relieve the country's farmers, who have of late suffered greatly from import restrictions abroad and from the increased competition of foreign producers. The Land Mortgage Bank has received government assistance, and is now largely controlled by the State. In 1933 the bank advanced to farmers considerable sums of money at low rates of interest, and in consequence the number of bankruptcies among farmers was only half that of 1932. During 1933 the government paid some $2,000,000 in export premiums on eggs, bacon, butter and cheese —more than twice as much as in 1932—and the budget for the current year provides a larger sum for the same purpose. Early in March, 1934, a temporary embargo was placed on imports of bacon, lard, butter and vegetable oils in favor of domestic producers. In April the Diet agreed that the State, having abandoned the gold standard, should bear the exchange losses suffered by farmers who participated in the agricultural loan raised in France in 1930.

Before the Diet adjourned on April 26 it settled two matters of major importance to Finland's economic life. The new commercial agreement with Germany, signed in Berlin on March 24, was ratified, thus ending the trade war between the two countries which had begun with the abandonment of the 1926 treaty last January. By the new agreement, most-favored-nation treatment is extended to specified classes of goods only. Certain German textiles will not be accorded the privileges extended to British, nor German wheat bran those extended to French. The quota of Finnish dairy exports to Germany will not be appreciably reduced, but wood products will be subject to higher German duties. The new treaty is to remain in force till the end of 1934, and may be renewed for one year if the contracting parties reach an agreement before Dec. 1.

The Diet also dealt with communications. It was decided to transfer State broadcasting stations to a private company in which the government is a shareholder, and to place almost all Finnish long-distance telephone lines under government ownership. There had long been talk of consolidating the several hundred small telephone companies in the country, and the Kreuger-owned Swedish firm of L. M. Ericsson had been buying an interest in various concerns so that it might figure in the proposed consolidation. But the government opposed a privately controlled consolidation, and decided to purchase the shares held by Ericsson in Södra Finlands Interurbana Telefon A. B., the leading trunk line concern, as well as Ericsson's interests in several other Finnish companies. The entire plant of Interurbana is also to be bought by the State. Funds for the purpose are to be raised by a loan of nearly $2,000,000 in Sweden.

Soviet Food Problems

By EDGAR S. FURNISS
Dean of the Graduate School, Yale University

ECONOMIC conditions within Russia are dominated by the perennial agrarian problem. The success of last year's harvest stimulated the Soviet Government to further expansion of the grain crops and further improvement in the technique of agriculture. Beginning the year in a strong position because of the abundant food supply, the government has determined to consolidate and make permanent the gains of the agrarian collective system during the present crop season.

The first results of this effort were encouraging. By May 1, the offical press was able to announce figures for the Spring sowing campaign which showed that the struggle for collectivization had been won even in the districts where peasant opposition had been the most stubborn. At that date 90,000,000 acres had been sown in the Southern grain areas as compared with 63,000,000 at the same time last year. For the country as a whole 39 per cent of the grain crops had been sown as against 26 per cent a year ago. In the most backward regions, the special Communist political brigades which had worked all the Winter to reorganize the collectives and supervise the Spring sowing reported progress far ahead of schedule. In general the situation at the beginning of May justified the exultant tone in which the Soviet authorities notified the country of the final success of the agrarian program.

But the protracted drought during May drastically altered the situation. How much damage has been done is not disclosed in the official reports, but at the end of the month the government could not conceal its anxiety over the prospects in the principal Southern areas. In some districts the entire able-bodied population has been mobilized under military discipline to fight the drought. On May 28, the price of bread sold on ration cards was raised throughout the Union because of advancing grain prices. At the same time, to offset the higher cost of food, the government increased wage rates for low-paid workers by amounts ranging from 7 to 17 per cent, setting aside funds in excess of $500,000,000 for this unexpected expenditure. The abandonment of the food ration system which was promised early in the year by the Soviet authorities has been indefinitely postponed.

THE DEATH OF MENZHINSKY

The death of V. R. Menzhinsky on May 10 revived interest in that branch of the Soviet Government which is probably considered throughout the world as the most typical feature of Communist dictatorship — the secret political police, known as the Ogpu. The story of the Ogpu is in many respects an epitome of the Red Terror. It was organized immediately after the Revolution by the notorious Djerzhinsky as "The Extraordinary Commission for the Suppression of Counter-Revolution"—a title which the Russians with their fondness for abbreviations shortened to "Cheka." In

the hands of Djerzhinsky the Cheka was an instrument of terror, a mysterious, all-pervasive force endowed with plenary powers to imprison or execute any suspected enemy of the Revolution. The number of its victims is not known; but rumors of its ruthless, wholesale massacre of Russian citizens did more than anything else to create in the outside world a horror of the faith and works of communism.

Menzhinsky joined the Cheka in 1919, remained a major officer after its reformation in 1922 and became chief of the organization in 1926 when the secret police were stripped of many of their plenary powers and given their present name—"The Joint State Political Bureau." Under Menzhinsky's administration the Ogpu remained a powerful factor in the domestic situation of Russia with spies scattered throughout every branch of public life. Though deprived in part of their judicial authority and their powers of summary execution, the secret police have continued to operate as a State within a State, an army independent of governmental authority. The organization has maintained a force of more than 100,000 men, has administered justice in its own courts in special cases of counter-revolution, and has had its own prisons and concentration camps.

In recent years its activities have been dramatized in a number of world-famous trials of which that of the British engineers last Spring was a conspicuous example. But running through the record has been an unbroken series of cases attracting little outside attention in which large numbers of government officials, party members and private citizens have been imprisoned, exiled or executed for disloyalty to the Communist dictatorship. During these years Menzhinsky became in the minds of loyal Communists a symbol of their defense against counter-revolution.

Coincident with Menzhinsky's death a further reorganization of the Ogpu was announced in Moscow which, if carried through along the lines projected, will profoundly change the internal political system of Russia. It is proposed to bring this extra-legal organ of dictatorship completely within the constitutional structure of the State, placing it under the control of one of the departments of the government. This reform would strip the secret police of all their independent powers. They would become a part of the regularly constituted system of justice, controlled by all the laws which protect the civil rights of the citizens. Such modification of the powers of dictatorship would mark the end of the aggressively revolutionary period of Soviet history. That it is contemplated is evidence that the Communist rulers are convinced of the permanence of their control.

SOVIET FOREIGN POLICY

Litvinov's speech to the Disarmament Conference at Geneva on May 29 was sufficiently startling to be regarded as a departure from what has been so far the foreign policy of the Soviet Union. (See the article, "Russia Warms to the League," on page 402). In a larger sense, however, the program presented is quite in harmony with the fundamental purpose of Soviet foreign policy. The specific suggestions merely reflect the developments of the recent past. Since the advent of the Stalin régime with its drastic reformation of Communist doctrine, Soviet foreign policy has been controlled by her vital need for peace and security. The means employed to attain this end have changed with the circumstances of the times.

From the point of view of the Soviet Union the dominant factors in the international situation at present are the threatening policies of Japan and Germany, and the withdrawal of these two States from the League. The change of attitude toward the League is an adjustment to this situation.

The lines of Soviet strategy in Europe are equally clear. The Nazi program of rearmament and Germany's repudiation of the League have given Russia an opportunity to consummate her rapprochement with France and thereby to secure her western frontiers in case of war with Japan. Litvinov's endorsement of the French thesis of security is but one of many evidences of a rapidly maturing Franco-Soviet alliance. Recent negotiations between France and Russia have been shrouded in secrecy but it is known that the two countries have reached an agreement to guarantee the territorial integrity of the States of Eastern Europe, an agreement which was first offered to Germany by the Soviet Union and abruptly rejected by that country two months ago.

There are credible rumors, furthermore, that France and Russia have worked out definite arrangements for technical cooperation between their respective armies. Announcements that such a treaty had been concluded were made in the German press with increasing emphasis during the last week of May and were not denied by either Paris or Moscow. Members of the French General Staff are going to Russia as technical advisers to the Red Army, and the arrangement, as described in the press dispatches, contemplates collaboration between the armed forces of the two countries in terms of personnel, equipment and training. Germany characterizes these developments as a military alliance of the pre-war type aimed at her "encirclement." This may be dismissed at once as quite foreign to the Soviet peace policy. Nevertheless, it is evident that Russia is basing her program of security in Europe squarely upon a close identification of her interests with those of France; and that France for her part is grasping the opportunity to add the Soviet power to her side of the controversy with Nazi Germany.

One important implication of Litvinov's program which will not be missed by students of Soviet affairs is its repudiation of the Communist doctrine of world revolution. As has been stated in these pages at other times, this is the inevitable outcome of Stalin's domestic program. But we now have the Soviet Union proposing for herself a rôle in the international organization of the world involving obligations and responsibilities to her capitalist neighbors which must put an end to her leadership of militant international communism. The ultimate effect of this dissociation on the social philosophy of the Soviet system in Russia is a matter of conjecture, though it is already obvious that the doctrines which gave birth to the revolution are no longer useful in interpreting the present Communist régime to the outside world. Equally profound effects may be expected upon the Communist movement in the world at large. Already the behavior of Russia has shattered the integrity of this movement and disrupted its unity, dividing its followers in every country into bitterly antagonistic factions. Complete absorption of the Soviet Union in the international organization of the world will hasten this process of dissolution.

Turkey's Quest for Security

By ROBERT L. BAKER

MUSTAPHA KEMAL, in his efforts to salvage Turkey's independence from the débâcle of the World War, was obliged by force of arms or diplomacy to free Turkish soil of Greek, Italian, French and British troops. The Greek invasion of Anatolia, based on Smyrna and reaching almost to Ankara, received material and moral encouragement from Great Britain. As late as 1922 France and Great Britain agreed to the annexation of a large part of Southern Anatolia by Italy. It is not surprising, then, that Republican Turkey is acutely suspicious of the designs of the European powers, and especially those of Italy, in the Eastern Mediterranean. Mussolini's recent demand for Italian economic and cultural expansion in Asia alarmed the Turks, and though he denied any aggressive intentions toward Turkey the Turkish press was far from satisfied and began agitating for additional safeguards for security.

Turkey is keenly aware that she is exposed to attack by land, sea and air. And on surveying the international scene Turkey finds the influence of the League of Nations at low ebb, the Disarmament Conference on the verge of complete failure and the security treaties none too dependable. Even more ominous is the fact that the great powers are girding their loins for war. Never having been inclined to let preparedness go until tomorrow, the Turkish Government is taking active steps to strengthen the country's defenses.

The new Turkish budget, for example, voted by the Grand National Assembly on May 31, showed a 32 per cent increase in the appropriation for defense over the 1933-34 budget. The air force, especially, will be greatly enlarged. That the Turkish Navy is to be expanded appears from an Ankara dispatch to *Le Temps* (Paris) on May 22. According to this report, Turkey has ordered ten light cruisers to be built in Japan. The warships are to be paid for, not out of the budget but by permitting Japan to manufacture textiles in Turkey and to export them to Europe as "Made in Turkey." The Turkish War Ministry was also reported to be planning the modernization of the fortifications at Adrianople and other strategic points along the Bulgarian frontier, although Adrianople is in the zone demilitarized by the Treaty of Lausanne.

Still more significant internationally is the determination of the Turkish Government to refortify the Straits. Turkey's desire to free herself of the demilitarization clauses in the Lausanne Treaty was first openly expressed during the disarmament discussions in March, 1933. Prime Minister Ramsay MacDonald then proposed the suppression of the military clauses of the Versailles, St. Germain, Trianon and Neuilly treaties. The Turkish spokesman at once pointed out the omission of the Lausanne Treaty and demanded that it be dealt with in the same way as the others. While the MacDonald proposals have not been officially acted upon, Germany has since proceeded to ignore

many of the restrictions affecting her. In recent months Turkey is believed to have communicated informally with the Balkan States and other powers in regard to refortifying the Straits, a move strongly urged by the Turkish press. The newspaper *Cümhuriyet* (Istanbul) views the Straits as the key to Turkey's own door, and recalls that Great Britain supported Turkish control before the World War. As for the Straits being an international waterway, *Cümhuriyet* asks: "If international waterways such as the Straits of Gibraltar may be fortified by other powers, why should not the Dardanelles and the Bosporus be fortified by Turkey? Why, in fact, should different rulings be applied to opposite entrances of the Mediterranean?"

The Straits question has been one of the most acute in European politics since the eighteenth century. Russia, upon becoming a naval power and conceiving designs upon Constantinople, wanted them open. France and Great Britain, fearing Russian fleets in the Mediterranean, insisted upon their being closed to warships and supported Turkey's right to fortify them. At the Lausanne Conference in 1923 Soviet Russia, possessing no fleet of any consequence in the Black Sea, went over to the position formerly held by the Western powers. The other powers, however, now argued for the internationalization or demilitarization of the Straits zone. By the Treaty of Lausanne Turkey regained Constantinople and the Straits but agreed to the demilitarization of a narrow strip along both sides of the Dardanelles and Bosporus.

Turkey, in seeking permission to alter the Straits convention, may encounter difficulties in obtaining the consent of France. She can depend upon the support of Soviet Russia and possibly that of Great Britain, since the British Government is no longer concerned with aiding White Russian campaigns in the Black Sea region. But France is almost certain to object to the refortification of the Straits as a potential obstacle to communication with Rumania and Czechoslovakia, her allies in Eastern Europe.

The increase in the Turkish budget for the coming year means, of course, higher taxes, and on June 1 new imposts were placed on flour, sugar, tea, coffee, cigarettes and numerous other articles.

In the Spring of 1933 the Turkish Government decided to restrict more drastically than ever the activities in which foreigners could engage, so that there might be more employment for Turks. These regulations particularly affected the foreign population of Istanbul, which had previously escaped expulsion or restrictions of the kind. The governments of the nationals concerned—mainly Greeks and Germans—protested, and the Turkish authorities reconsidered the measure. On May 25, however, a new law for the same purpose was approved. Tens of thousands of foreign subjects will be deprived of their positions, but the application of the law was staggered so as to inflict a minimum of hardship. All foreign chauffeurs, hairdressers, tailors, shoemakers, hatmakers, interpreters, guides, stock exchange clerks and musicians were given until July 21 to cease work. Alien manual laborers were required to leave their jobs between July 21 and Sept. 21. Foreigners employed in restaurants or as domestic servants and street peddlers must quit between Sept. 21 and Nov. 21. In other trades and professions foreigners must give place to Turks according to the following schedule: Photographers and printers, between Nov. 21 and Jan. 21, 1935; actors, singers, transportation workers and salesmen

for the State monopolies, between Jan. 21 and March 21; commission agents, airplane pilots and government department employes, between March 21 and May 21. Only by naturalization will those affected be able to escape the law, although most of them have lived in Turkey for years.

BRITISH LOAN TO PALESTINE

The British House of Commons on May 11 approved without a division the government's proposal to guarantee a loan of £2,000,000 to Palestine. A White Paper issued a fortnight before had specified the purposes of the loan. The largest item is the construction of a water supply and drainage system for Jerusalem, Hebron and neighboring villages at a cost of £933,000. Other sums allocated were £250,000 for the resettlement of dispossessed Arabs; £200,000 for agricultural credits; £210,000 for an oil berth and land reclamation at Haifa; £407,000 for public buildings, schools and other construction projects.

Since Palestine is perhaps the only country in the world where there are at once a handsome budget surplus, an economic boom and no unemployment, why, it was asked in the House of Commons, should not that country raise the loan, if needed, without assistance? Sir Philip Cunliffe-Lister, the Colonial Secretary, replied that £600,000 of the loan would be spent on orders in Great Britain and that Palestine, while conserving her surplus, would be able to get the funds for much-needed projects on very favorable terms with the British guarantee.

In Palestine, Jewish circles were offended because a part of the loan is to be applied to "the resettlement of Arabs displaced from their lands in consequence of the lands falling into Jewish hands." The British decision to provide for landless Arabs is based on reports made several years ago by special investigators. The Jewish community in Palestine, however, regard the "dispossessed Arab" as mythical.

When the loan was first proposed in 1930 the Palestine administration had incurred a deficit of £131,000, and it was thought that a large grant-in-aid by Great Britain would be necessary.

While the provision of a considerable sum to resettle landless Arabs has been attacked, that item is perhaps the *raison d'être* of the loan. It is hard to say how serious is the problem of dispossessed Arabs. But the Arab plight, real or imagined, has received much publicity, and the British Government, desirous of balancing the scales between Arab and Jew, has determined to silence critics who hold that the Arabs have been unjustly treated. The surplus of the Palestine Government could scarcely be used to assist Arab peasants to obtain land, as the Jewish population, which pays a large part of the taxes, would object. By the device of a loan, only a part of which is to be used for that purpose, the same end can be achieved without greatly disturbing the Jews.

The Arlosoroff murder trial (see June CURRENT HISTORY, page 377) took a sensational turn when the prosecution rested its case after five weeks of hearings. The court, composed of three British and two Arab judges, dismissed the charges against Abba Achimeyer, one of the three Revisionists on trial for the crime, and ordered his release. It rejected the motion of Horace Samuel, defending counsel, that the charges of premeditated murder against Abraham Stavsky and Zvi Rosenblatt be dismissed on the ground of insufficient evidence. Achimeyer had been held for inciting the other two defendants to commit the crime.

Jewish feeling against the Palestine Government's restrictions on Jew-

ish immigration culminated on May 23 in a seven-hour country-wide strike and mass meetings of protest. The strike, which was ordered by the Palestine Jewish National Assembly, was carried out in thorough fashion. All work ceased, shops closed and traffic was suspended by Jews throughout Palestine. Only at Tel Aviv was there any disturbance, but there five policemen and fifty Jews were injured, many of them seriously, in clashes that continued all the afternoon.

A NEW HOME FOR ASSYRIANS

A committee appointed by the Council of the League of Nations last December to study the problem of resettling the Assyrians who wish to leave Iraq made its report in mid-May. In February the committee, which is headed by Salvador de Madaraiga, sent a special mission to investigate on the ground the most promising of the offers to receive the Assyrians, that of Brazil. (See CURRENT HISTORY for April, pages 119-120.) The committee's report was based largely on the findings of the mission, which made two visits to the lands of the British Parana Plantations Company, on which the settlement of the Assyrians was contemplated. Its conclusion was that the Assyrians would thrive in the district concerned if they showed good-will, initiative and energy. No opinion was given as to the practicability of the scheme as a whole.

Annexes to the report pointed out that others who have recently settled in Brazil under less favorable conditions than those proposed by the League for the Assyrians have done well, and that apart from unforeseen circumstances the Assyrians should become self-supporting within eight months and able to repay the cost of their land, equipment and transport within twelve years. The sect would be allowed to practice its own faith and to establish schools of its own in Brazil provided that Portuguese were taught.

In an *aide-memoire,* published as an annex to its report, the committee declared that the Assyrian would not prove a troublesome citizen if given fair treatment, and that his reputation for fighting was due to his struggle for existence throughout the centuries. The *aide-memoire* put the number of the sect to be transplanted at between 2,000 and 3,000 families, and not 20,000 families, as rumored in some quarters.

The League's next step will be to settle details with the Brazilian Government. Brazil, like nearly every country, has suffered from the depression and unemployment, and there is a growing agitation to curtail immigration. While this has been directed mainly against the influx of large numbers of Japanese settlers, the government's offer to accept the Assyrians has been attacked in the Brazilian Congress and by organizations and individuals in Parana State.

FRENCH POLICY IN SYRIA

When Comte de Martel, the new French High Commissioner to Syria and the Lebanon, found that the Syrian Parliament would defeat his proposed Franco-Syrian treaty of friendship and alliance leading eventually to independence (see February CURRENT HISTORY, page 633) he withdrew the treaty, prorogued Parliament and went to France to report to his government. Immediately upon his return in mid-April he ousted the Cabinet of Hakki Bey el Azem, and replaced it with one headed by Sheik Tageddine as Premier. Parliament was again prorogued for six months.

M. de Martel has not apparently abandoned his hope of securing sup-

port for the treaty, but for the time being that matter is not to be pressed. Sheik Tageddine's appointment is regarded in Damascus as frankly experimental, but Hakki Bey had become useless, as he had practically no following, either in Parliament or in the country. With a new Premier and with Parliament prorogued an attempt is being made to divert attention from politics and so to weaken opposition to the treaty. The High Commissioner, accordingly, issued a press statement in which he deplored the "excess of politics," and stressed the dependence of politics on economics.

THE WAR IN ARABIA

News from the Arabian peninsula is not only scanty but often unreliable because of inadequate information, bias or the roundabout way in which it reaches the outside world. For that reason all that can be said of recent events is that King Ibn Saud appears to have won a complete victory over and the unconditional surrender of the Imam Yahia of Yemen. This news was contained in a dispatch from Cairo on June 3, and was not confirmed by other news agencies. The dispatch **stated that the Imam had telegraphe Ibn Saud that he had handed over h** authority to the Emir Feisal, the sc of the King, and promised comple evacuation of the Asir region immed ately. (For an account of the origin (the quarrel between the two Ara monarchs, and the early course of th war, see June CURRENT HISTORY, page 375-377.)

After capturing Hodeida, the prin cipal port of Yemen on the Red Se on May 5; the Saudian forces move inland toward Sanaa, the capital. few days later there were rumors of fierce battle, in which both sid claimed a victory. On May 12 an a mistice was arranged, and a peace co ference between representatives of th two rulers was reported in progre at Taif on May 20. These talks we abandoned and hostilities were r commenced about May 23 because, a cording to Saudian sources, the Ima had not observed the terms of th armistice. In spite of the strict censo ship in Yemen, news was received c May 26, by way of Aden, that th Emir Feisal was once more movir on Sanaa. This report was followe by that of June 3, mentioned above.

Calm Settles on the Far East

By TYLER DENNETT[*]

ALTHOUGH the eternal triangle on the mainland of Asia remains substantially unchanged, there have recently been some improvements in the relations of Japan, Russia an China. Russo-Japanese peace continue at the mercy of some unpredictab incident, but both sides desire t avoid war.

Negotiations over the sale of th Chinese Eastern Railway reached a other stalemate in May. The Sovie Union still asks too much and Japa speaking through Manchukuo, offe

*Dr. Dennett, who has been chosen President of Williams College, will be unable to continue to contribute to this magazine the monthly survey of Far Eastern affairs. This work will be carried on by Grover Clark, who was for many years engaged in journalism and teaching in the Far East.

too little. Eventual agreement, however, seems probable. The question of Japanese fishing in the Russian waters about Vladivostok was settled on May 25, when leases on forty-two Siberian grounds were auctioned to Japan. Though the slaying of a Manchukuoan sailor on the Amur River by rifle fire from the Russian bank, reported on May 14, and similar incidents reported on May 23 indicate that friction along the frontiers is increasing, neither side has yet shown a provocative disposition. There have been many reports of serious Chinese revolts in Kirin Province, but little authentic information. Japan, however, by establishing an air base at Maizuru, seventy miles north of Osaka on the Sea of Japan, has taken another step in strengthening air defense against a possible raid from Vladivostok. Japanese naval authorities are said to believe that their air defenses could not protect Japan from a Soviet air attack.

During May it became apparent that the Japanese were impatient at the delay in concluding negotiations in North China over the new situation created by the Tangku truce. General Huang-fu, High Commissioner for North China, is apparently prepared to recognize what has happened and to reach a settlement with Japan for the re-establishment of through railway traffic and for tariff readjustments. On the other hand, the Nanking Government, none too secure in South China and anxious to conciliate the more radical anti-Japanese factions, has offered many obstacles to General Huang's policy. Following the rejection of a British plan for the operation of the Peiping-Mukden Railway by a British corporation, the Chinese proposed operation by a private agency which would camouflage the implied recognition of Manchukuo. Meanwhile, the Japanese continued to press for a decision.

Rumors of considerable tension at Shanhaikwan were reported on May 23, but Foreign Minister Hirota maintained that, after all, both the railway and the postal issues were relatively small matters and that the most important consideration was to maintain friendly relations along the border. From reliable sources at Nanking it was reported on May 27 that the Chinese Central Political Council was prepared to approve the re-establishment of through railway traffic by a Sino-Japanese organization. The Southern political leaders, it was expected, would offer no serious opposition. The Nanking Government is reported also to be ready to consider tariff reduction. A general tariff revision downward might increase Chinese revenues, which have slumped sharply since a system of high tariffs became effective a year ago.

The three-cornered contest for the control of Sinkiang continues. Of this far western province, from which news arrives only long after the event, it is reported that one faction is supplied with munitions from Russia, another from India, and a third from Japan. Large quantities of new American automobile trucks and huge quantities of gasoline have been assembled along the desert road to Turkestan. Apparently the Nanking Government is preparing to demand something more than nominal recognition of Chinese sovereignty from Governor Chang, who has been maintaining close relations with the Soviet representatives. Such a project would presumably have Japanese approval.

LEAGUE POLICY IN CHINA

The Rajchman report on Chinese reconstruction was released on May 9. It outlined a program of expenditures

for China six times greater than those for last year. The project has been approved by the Chinese National Economic Council. Dr. Rajchman distinguished between the program which is under League advisers and the reconstruction which is under the direction of Premier Wang Ching-wei. It is the projects in the second category to which the Japanese object the most. These include development of civil aviation and plans for extensive railway building.

In the League's program nearly half the expenditures proposed are for road building; 2,500 miles of roads were built in 1933; 4,000 are projected for 1935. Agricultural experts are working to improve cotton-seed, to revive silk culture, to solve the rent problem and to prevent floods. Dr. Rajchman recommended fewer foreign advisers for China and the employment of trained Chinese, who might be recruited directly by the Chinese Government. The general tenor of the report showed that the League was not seeking to thwart the extension of Japanese influence in China, even though the League program, should it succeed, would have that result.

The Japanese, on May 10, declined to participate in a silver banking plan proposed by Jean Monnet, French financier and formerly Deputy Secretary General of the League. M. Monnet, a close friend of Dr. Rajchman, is now advising China independently. The silver plan was advanced as a preliminary step to raising a loan for China. The Japanese insist that any new loan to China will only increase present difficulties. The Monnet plan is reported to have been one of the immediate reasons for the Amau declaration of April 17. (See June CURRENT HISTORY, page 380.) In Japan direct comment on the Rajchman report was withheld, but the semi-official Rengo News Agency reported that Japan would oppose international cooperation in China. In short, Japan will stand by the Amau declaration. Having thus defied the League, it remains to be seen whether Japan will also refuse to enter a conference under the terms of the Nine-Power treaty of 1922, if China should succeed in having such a conference called.

LATIN AMERICA AND JAPAN

El Salvador, it was announced on May 21, recognized Manchukuo on March 3. The Salvadorean Foreign Minister, in an official statement on May 24, hotly resented the suggestion that his country might be expelled from the League for having ignored League policy. Here is a faint foreshadowing of how the Far Eastern question may some day become a matter of concern to the Western Hemisphere. The Central American Republics and Mexico, or both, could give the statesmen in Washington something to worry about if they were to cultivate especially friendly relations with Japan. Though the good-neighbor policy demands that the United States Government must not supervise the foreign policies of other American States, the Lodge resolution of 1912, which opposed foreign occupation "for military or naval purposes" of any part of the American Continents, is as much American policy as ever it was. The Japanese, who could not be stopped in Manchuria, would be troublesome neighbors in Central America.

Brazil has recently passed an immigration restriction law which will limit Japanese immigration into the republic. Though the measure appears to be similar to the quota law which the Japanese would like to have the United States enact, the new Brazilian legislation was reported from Tokyo

on May 25 as "arousing resentment."

The Japanese trade drive in Latin America has already made notable advances. A United States Department of Commerce Survey, published on May 1, showed that, while American foreign trade in this area has declined 50 per cent in three years, Japanese trade, beginning almost at scratch, has increased in some instances by 100 and even 1,000 per cent. Total Japanese sales in Latin America, however, are as yet not very important. The total for 1933 was valued at only about 46,000,000 yen. (At present exchange rates the yen is worth about 30 cents.) (For other aspects of this issue see Professor Doyle's article on page 476.)

THE MANDATED ISLANDS

Foreign Minister Hirota of Japan, in an interview on May 12 with John G. Lathan, Australian Minister of External Affairs, repeated his assurances that Japan will respect the mandate clause of the League covenant and will continue to report to the League on the Japanese administration of the mandated islands in the Pacific. Dr. Albert W. C. T. Herre, curator of the Stanford University Zoological Museum, recently visited many of these islands. He reported in the *Christian Science Monitor* on May 22 that Japan appears to be observing the non-fortification agreement. "It cannot be too strongly stated," he declared, "that Japan is adhering literally to the terms of the League of Nations mandate." Nevertheless, according to Dr. Herre, Japan is developing the islands "for the benefit of the Japanese and not for the natives."

JAPANESE NAVAL PLANS

Baron Wakatsuki, in an address before the Minseito party on May 16, stated that Japan, because of her financial straits, would be endangered by a naval race. The following day Prince Konoye, president of the House of Peers, in an interview before sailing for the United States, declared that Japan's desire in the approaching naval negotiations is not for "parity" but for "defensive equality" with Great Britain and the United States. This appears to be a significant qualification of the more chauvinistic demands of the unofficial naval spokesmen. Japan apparently wants to revise the present ratio in order to cope with the greater striking power of fleets that has resulted from the increased range of modern aircraft. Since the Manchurian incident the Japanese people have raised no less than $10,-700,000 in voluntary contributions for national defense. Most of this has been spent on airplanes, anti-aircraft guns, tanks and the study of military aeronautics.

In response to Secretary Swanson's intimation that failure to conclude a satisfactory new naval agreement might cause the United States to return to the policy of fortifying naval bases in the Pacific, Rear Admiral Tsuneyoshi Sakano issued a statement on May 24 in which he explained that Japan's desire for a revised ratio arises from recent radical changes in military science. The Admiral declared that the London treaty was a temporary agreement to meet conditions then prevailing. These ratios, in his judgment, reduced rather than increased Japanese security. Japan is now building three 10,000-ton airplane carriers in answer to the eleven similar vessels which the American Navy is constructing. Under the Washington treaty Japan is allowed 81,000 tons; she now has 68,870 tons. The completion of the new carriers would, therefore, carry Japan over her allotment. Probably the new vessels will be laid down for bargaining purposes.

CURRENT HISTORY

AUGUST 1934

The Lesson of 1914-1934

By G. P. Gooch*

ONLY men and women who, like myself, were adult citizens at the urn of the century can realize the normous contrast between the years receding and following the World Var. I grew to manhood in an age f sensational progress and limitess self-confidence. Civilization was preading across the earth with giant rides; science was tossing us miracle fter miracle; wealth was accumulatg at a pace undreamed of in earlier enerations; the amenities of life were eing brought within the range of an ver greater number of our fellowreatures.

Nobody imagined that wars and revlutions were over or that the organation of society was within sight of e goal. But there was a robust coniction that we were on the right ack; that man was a teachable animal who would work out his salvation if given his chance; that the nations were on the march toward a larger freedom and a fuller humanity; that difficulties could be taken in our stride. Stability was stamped over the whole field of our vision, and we felt the earth solid under our feet. Man had accomplished such marvels during his toilsome ascent from the lowlands in which he had started his course! Every age has its Cassandras, and critics of this or that feature of modern life were plentiful. But no one spoke of a possible return to the Dark Ages or wondered whether we could keep civilization afloat.

We realize today that we were living in a fool's paradise. The façade was imposing enough, but the foundations of the stately edifice were radically insecure. Some of the ruling conceptions of the time, such as national and political liberty, equality before the law, religious toleration and a minimum standard of life, were the ripe fruit of a long process of evolu-

*The approach of the twentieth anniverary of the outbreak of the World War rompted this article by one of the most istinguished of contemporary English istorians.

tion. But there were other conceptions, old and new, less admirable, but no less widely held, which endangered the security of the world more gravely than we knew at the time.

The first was the doctrine of sovereign and self-sufficing nationalism, the idea that each nation had only to think of itself, the repudiation of allegiance to any authority above or outside the State. Such a creed was unknown in the Middle Ages; it was born when the ideal of a *Respublica Christiana* collapsed under the impact of the Renaissance, the Reformation and the geographical discoveries. The sovereign State is the child of the sixteenth century and modern history is its record. In the domestic sphere it has given the blessing of order and security to its citizens in every civilized community. In the field of international relations, on the other hand, it has been a very gospel of anarchy, shutting its eyes to the growing unity of mankind and blocking the path to the larger patriotism of world citizenship. In the opening years of the twentieth century the doctrine of unfettered national sovereignty was still the political religion of mankind.

While nationalism, as I have defined it, was an inheritance, imperialism, in our modern sense, was the child of the later nineteenth century. The mechanical inventions of the eighteenth century ushered in the industrial revolution, with its almost miraculous increase of productive capacity. The substitution of steamers for sails bridged the ocean. The accumulation of capital facilitated the development of the backward portions of the earth. Between 1850 and 1900 almost the whole of Africa was partitioned among the European powers and the economic possibilities of Asia swam into our ken.

For the wars of unification and liberation in Italy, Germany and the Balkans were substituted the wars of empire—of Russia and Japan in the Far East, of Great Britain in South Africa, of the United States in Cuba and the Philippines, of Italy in Tripoli. With the exception of Austria, all the great powers succumbed to the temptation of extending their possessions by force in the far places of the earth. The driving force of the expansionist movement was economic—the search for new markets and fresh sources of supply—but national pride also played its part. Sometimes the flag followed the adventurous trader, sometimes trade followed the hoisting of the flag.

The typical figure of the imperialist era was Cecil Rhodes, and Rudyard Kipling, the poet of empire, adjured us to take up the white man's burden. One of the major events on the world stage during my lifetime has been the extension of the white man's rule over tens of millions of the dark-skinned races. Friends and foes of the imperialist movement continue to disagree about its merits and defects, but we all agree that it complicated the problem of keeping the peace. Bismarck, who saw its dangers, held back from the African scramble as long as he could, and even when he entered the game took care to avoid challenging England at sea or Russia in the Near East. His successors abandoned his saving principle of limited liability, and they paid the penalty. While the wealth of the world was increasing by leaps and bounds, the dangers of collision were multiplied from year to year.

Every State needs security without as well as within, and the traditional method of attaining it is by armaments. Conscription was invented by the French Revolution, when the raw

levies of France drove Austrian and Prussian troops back to the Rhine. It was copied by Prussia, and during the nineteenth century spread over a large portion of the world. In the years before the war Great Britain, alone among the great powers of Europe, held to the principle of voluntary service, despite the passionate appeal of Lord Roberts. But our refusal to follow the fashion was rendered possible by our supremacy at sea.

Conscription may mean much or little according to the percentage of recruits called up, but in the closing decades of the last century the armies of the great European powers (except Great Britain) increased to hundreds of thousands, while the launching of the British Dreadnought in 1905 inaugurated a new phase of the race of armaments on the sea. Two new and portentous factors emerged shortly before the war in the submarine and the airplane, the first of which was taken much more seriously than the second. The steady growth in the size of armies and navies, of ships and of guns, instead of increasing the safety of their owners, bred a universal malaise and filled the peoples with apprehensions of sudden attack.

The utter failure of the first Hague Conference, in 1899, to deal with the problem for which it was summoned was a measure of the place which large armaments had come to fill in the outlook of the powers. At the second Hague Conference, in 1907, the discussion of such an explosive topic was ruled out in advance. Every State, haunted by the fear of unpreparedness or inferiority in the hour of decision, clung tenaciously to the only instruments of defense in which it felt able to believe. The growing financial burden was resented by the parties of the Left, but was not unendurable in an age of diffused prosperity. The Continent echoed to the tramp of armed men, and armament firms merrily fomented the scares on which in part their profits were based. The old adage, "If you want peace, prepare for war," was still the accepted gospel of the services and the governments, but there were plenty of statesmen and writers who saw through the most dangerous fallacy of the age.

In a world of conscript armies and growing navies no power, however strong, dared to stand alone. After striking down France, Bismarck built up the Triple Alliance to keep her in quarantine. A decade later the Czar stretched out his hand: the Franco-Russian partnership dates from 1891. At the opening of the new century Great Britain, the only one of the six great powers of Europe who had held aloof from the policy of groups, threw in her lot with France and Russia, and by 1908 the Triple Entente had become a formidable reality. While power was ranged against power it was possible for a consummate performer like Bismarck to localize a struggle. With the division of Europe into two armed camps, a quarrel between two States was bound to involve their respective friends, for the security and prestige of any member of the group was the concern of the rest. In a relatively contented Europe alliances might have made for peace, as mountaineers cling for safety to the rope. But in a Continent armed to the teeth and racked by deep-seated antagonisms, the probability of war was immeasurably increased.

In the last decade of peace there were three running sores which no political physician knew how to heal —the naval rivalry between England and Germany, the desire of France to

regain the Rhine provinces, and the competition between Russia and Austria for hegemony in the Balkans. Each of these problems brought us to the verge of the abyss. The avalanche fell in 1914 not because any civilian ruler or statesman desired a world war with its incalculable risks but because there was no machinery available for holding it back. In a moment we all realized with horror that we had been living on the slopes of an active volcano.

The decisive condemnation of the statesmen and peoples of pre-war Europe is the simple fact that the whole world could be set alight within five weeks by a revolver shot in a remote Bosnian town. Like most Englishmen, I had never expected such a catastrophe, though the crises of Bosnia and Agadir reminded us that we were walking very near the edge of the gulf. But among Continental statesmen, publicists and scholars of my acquaintance I had been alarmed to discover a general conviction that war was virtually unavoidable. It is chastening to reflect that they were right and we were wrong.

The Europe which emerged from the four years of carnage contrasted sensationally with that which we had known. In the west the only important territorial change was the reconquest of Alsace and Lorraine; in the centre and the east we gazed out on a new world. The greatest destructive consequence of the war was the total disappearance of the Austro-Hungarian Empire; the greatest constructive result was the re-emergence of Poland and Bohemia. Russia lost Finland and her Baltic provinces, which became independent States. Military supremacy passed back again from Germany to France. Europe's four empires—Germany, Austria, Russia and Turkey—collapsed and their dynasties disappeared. Montenegro was the only State which vanished from the map. Alone of the neutrals Denmark was enlarged by the restoration of North Schleswig. The realm of the Habsburgs was Balkanized. The Turkish capital was restored from Constantinople to Asia Minor after an interval of almost 500 years. The map-makers had the time of their lives.

Such were the leading features of the transformation recorded in the peace treaties, the short-sighted severity of which is more apparent today than when they were hurled by the victors at their prostrate foes. I have never doubted that the Central Powers would have imposed terms of equal severity had they won. The Treaty of Brest-Litovsk suggests what we escaped.

After a conflict of such unexpected duration and unparalleled intensity a statesmanlike settlement was too much to hope. Fear is a bad counselor, and revenge even worse. A century earlier Castlereagh went to Vienna, to quote his own wise words, "not to bring back trophies of victory but to restore Europe to the paths of peace." The Vienna settlement was far from perfect, but on the whole there was less sinning against the light than in that of Versailles. The treatment of defeated France in 1815 was wiser precisely because it was more merciful than the treatment of defeated Germany in 1919.

Treaties, like institutions, must be judged by their fruits. If their immediate object is to terminate hostilities, their deeper purpose and their ultimate justification is to inaugurate lasting peace between the combatants. Plenty of expert advice was at the disposal of the victors, and it would be foolish to deny merit to large sections of their work. This is not the place to analyze it in detail. I will only express

my conviction that, taken as a whole, the treaties were unduly severe, and that they would have been better had the victory of the allies been less complete. That President Wilson did his utmost to cool the temperature, and that he was often supported by Lloyd George, I gratefully recognize. But speaking broadly, the Anglo-Saxon statesmen were overborne by Clemenceau, the strongest figure of the conference, the authentic voice of the sufferings, the fears and the hatreds of France.

For fifteen years we have lived under the shadow of Versailles, the victors as well as the vanquished. There are probably more people contented with their frontiers today than before the war, though it is impossible to be sure. But there are still millions of malcontents, and it is always the recent cuts which smart the most. The belligerents of the great war are sharply divided into those who are determined to keep what they have won and those who long to regain what they have lost.

When you meet a Lithuanian he pleads passionately for Vilna; the Bulgarian demands Macedonia; the Austrian sighs for the mountains and valleys of South Tyrol. The Magyar traveler carries in his pocket a folding card with the old spacious boundaries on one side and the torso of today on the other. Who can believe that German patriots have abandoned their resolve to regain Danzig and the Corridor because Hitler has signed a ten-year pact of peace?

Omitting the neutrals in the World War—the Scandinavian States, Holland, Switzerland and Spain—the whole of Europe is ranged in the revisionist and the anti-revisionist camps. The revisionist argues that without a change of frontiers the burning injustice must lead to an explosion, particularly in view of the harsh treatment of racial minorities. The anti-revisionist snaps back that any attempt to challenge the status quo will be resisted by force. Both, we must sadly confess, may be right. The problem of revision is charged with electricity, because small concessions would be scorned and substantial sacrifices are politically impossible. Where is the State which is prepared to hand back territory to a defeated foe? Certainly my own country is not.

Thus our post-war world started on its course handicapped, not only by the material devastations and dislocations of the most destructive struggle in history, but by the burden of vindictive treaties. Nations have always resented defeat, but never before have there been so many and such bitter resentments at the same moment. Here is unquestionably the most alarming feature of the age in which we are living. Now that the life of the world grows daily more interdependent, it matters little where the fires of anger and revenge are burning in the hearts of men. A match lit in the Balkans set the world aflame twenty years ago. An "incident" on the Siberian railway or a rifle shot ringing out on the Middle Danube might once again hurl us into the abyss. The fate of each one of us, wherever we live, whatever the color of our skin, whether we were victors or vanquished in the last war, hangs by a thread on the swirl of events. A deliberate attack by one power on another is extremely improbable. The danger lies in the mass of inflammable material scattered over the globe and the number of irresponsibles who are playing with the match-box.

This extremity of peril is the case for the League of Nations. No historian, with his head full of past conflicts, ever shared the childish notion

that the struggle of 1914 was a war to end war. Such comforting illusions are born out of the agony of the strife and perish when the fever abates. War cannot be abolished by war, but only by the organization of mankind. It is the imperishable achievement of President Wilson to have realized this fundamental truth while the world was rocking on its foundations, and to have proclaimed it in language worthy of the Gettysburg Address. It is often said that his place in history will depend on the fate of the League which he, more than any other man, called into life. His fame seems to me to be far more securely based than that. If the present League were to be dissolved or to wither away, its place would assuredly be taken by another embodiment of the overmastering fact of the unity of civilization. The closeness of our relations to one another would demand and secure an alternative expression in institutional form.

Aristotle rightly described man as a political animal. History is the record of his ingenious attempts to satisfy his growing needs both on the material and the spiritual plane. Never for a moment do I doubt that, despite temporary reactions, we are moving steadily toward a coordinated and cooperative world. There is something in man, declared Kant in a famous phrase, call it fate, providence or what you will, which drives us to association. The two most urgent tasks of the twentieth century are to elaborate a system of economic democracy within our respective communities, and to provide the international framework in which alone nations can work out their destinies unthreatened and unafraid. My greatest comfort during these twenty years of storm and stress has been my unshakable confidence in the triumphant spirit of man. He has overcome innumerable obstacles in his long career. Why should I doubt that he will thread his way out of the thicket of the present discontent?

A nationalist and an internationalist all my life, I acclaimed the creation of the League with both hands, and I have served it with tongue and pen, in sunshine and in storm. Repeated visits to the Continent, numberless contacts with representative foreigners, and vigilant study of every move in the game, have strengthened my pre-war instinct that nationalism is not enough. However much or little we may think of the League, it is at any rate, in Professor Gilbert Murray's illuminating phrase, an organ of consultation. Had it existed in 1914 it might very well have averted the catastrophe. Grey and Bethmann never met and never dared to meet during the five years of their common work, for statesmen of different groups could not visit one another without arousing suspicions of treachery and intrigue.

Add to the meetings of the Council the Annual Assembly, the Secretariat, the Permanent Court at The Hague and the International Labor Office, and we have the rudiments of an organization not only for the preservation of peace but for carrying on international business. The achievement of the League in its many fields of activity is far more substantial than is realized by its ignorant critics. Functioning as it has had to do in a world bleeding with the wounds of war, and handicapped by the prejudices of political and economic nationalism, its leaders have fought bravely to substitute the reign of law for the brutal resort to force. Historians of the future, I cannot doubt, will pay homage to the unselfish servants of humanity who, like Cecil and Nansen, learned and taught the deeper lessons of the war.

The League is what its members

make it, and its fortunes rise and fall with the ebb and flow of events. The history of Europe since 1918 divides into three sharply defined chapters. The first, stretching to 1924, witnessed the continuance of the fierce passions of the struggle, culminating in the blunder of the invasion of the Ruhr. The second opened in 1924 with the fall of the *Bloc National* in France and the substitution of the conciliatory Herriot and Briand for the unbending Poincaré. One happy event succeeded another—the withdrawal from the Ruhr, the acceptance of the Dawes Plan, the unforced renunciation of the claim to Alsace-Lorraine, the entry of Germany into the League, the Kellogg Pact, the evacuation of the Rhineland in 1930, five years in advance of the treaty limit. Like most other observers I believed that the worst was over. The general economic situation improved, and the Locarno Pact gave promise of a stability in Western Europe unknown since 1871. There was a breath of Spring in the air.

Once again we were wrong, for it was a false dawn. In 1930 a third chapter opened when the economic blizzard, breaking loose from New York at the end of 1929, burst upon Europe, uprooting great banks, doubling unemployment and sweeping Hitler into the foreground of the stage; 1931 witnessed the seizure of Manchuria by Japan, in violation of her solemn pledges under the covenant, the Nine-Power Washington Treaty and the Kellogg Pact. In 1932 constitutional government in Germany began to totter, and Japan withdrew from the angry but impotent League. In 1933 Hitler became Chancellor, tore up the Weimar Constitution, suppressed every vestige of liberty, launched a savage attack on the Jews and stormed out of the League. It was not surprising that the Disarmament Conference, which met at Geneva at the opening of 1932, failed after more than two years of discussion even to approach a solution of the problem. For armaments are at once the instruments of policy and the expression of fear. Japan's unpunished robbery of her helpless neighbor struck a staggering blow at the prestige of the League, and the resurgence of flamboyant nationalism across the Rhine inevitably stiffened the French, who decline to reduce their forces without the additional military guarantees which Great Britain cannot provide.

At no moment since the end of the war have I known so many dark clouds in the sky. In England we do not actually expect a collision between Russia and Japan, but we should not be in the least surprised if it occurred. We are cheered by the new orientation of Russia, whom we hope at length to welcome into the Council of the League; but we realize that her action springs from her fear of Germany and Japan. We are gratified by Hitler's pact with Poland and the prospect of a bloodless plebiscite in the Saar; but we look with anxious eyes at Austria, where Italy and Germany are roughly competing for control. The relations between Paris and Berlin are more strained than at any time since the invasion of the Ruhr, and the Chancellor's pacific assurances ring hollow while his followers are arming and drilling and while, despite the poverty of the country, expenditure on armaments—on land, at sea and in the air—is rapidly increased.

The failure of the Geneva conference indicates a return to the armament race which was one of the most potent causes of the war. Japan's claims for a higher ratio of capital ships at the next naval conference will

be as difficult to accept as to reject. Meanwhile the inventors are busy increasing the size, the power and the number of aircraft, civil and military, and the chemists are concocting in their laboratories the explosives which may decide the next war. The prolonged economic distress shows little sign of terminating, though some countries, including my own, are on the upgrade. Half Europe is ruled by dictators who scoff at democracy and trample human rights under their feet. Meanwhile the Communists look on with grim satisfaction, awaiting their hour.

It is a dark picture, and I fear that it is not overdrawn. But there is not, in my judgment, any need for defeatism or despair. Historians of all people ought to keep their heads in a crisis, for the whole pageant of the past is continually before their eyes. The centuries that followed the fall of the Roman Empire were a far worse experience than anything we are facing today. The tornado of 1914 broke upon a world striding rapidly ahead. The advance has been rudely checked, and the destructive influences of the struggle have proved even greater and more enduring than we thought. It is a sad story, but it is not a sentence of death.

I shall never forget the ringing accents of President Roosevelt's inaugural, which I heard over the radio, as he uttered the historic words: "The only thing we have to fear is fear itself." What is true for the United States is true for the rest of the world. The duty of the good citizen today is to keep up his spirits, to maintain his faith in humanity unimpaired, to cooperate patiently and unselfishly in defense of justice and peace. Despite our quarrels and our prejudices, we are nearer the ennobling conception of a world community than ever before. If ideals are to be abandoned because they cannot be attained, Christianity would have been thrown on the scrap-heap centuries ago. Some of my friends, when pressed for their views on the tragic confusion of the hour, reply: We are pessimists for the present and optimists for the future.

My temperament is rather critical than sanguine, and my work brings me into almost daily contact with the victims of adversity. Yet I range myself unhesitatingly with those who look with confidence to the coming of the dawn. It is far too soon to declare in somber resignation that the human race has learned nothing from the most terrible of wars.

Notes on the New Deal

By H. L. MENCKEN*

DESPITE the apparent belief of the busy young men at Washington that they are making a revolution, the Planned Economy they talk of is really almost as old as history. Indeed, the impulse to fashion something of the sort, whether of bricks or of straw, seems to be rooted deeply in human nature, and if there were no indecorum in mentioning Darwin I'd be inclined to identify it with his primary social instinct. Every savage tribe has a Planned Economy of great rigidity, to which even the tribal gods must yield, and everywhere on higher levels there is a constant movement in the same direction, though the gods are commonly left to individualism. Sometimes this movement stops with the enactment of sumptuary laws, as under Julius Caesar in Rome and the early Edwards in England, but at other times it proceeds to the concoction of economics as wide in their sweep and as tight in their effect as those of the Incas in Peru and the fathers of the caste system in India. If the brethren of the Brain Trust only had time for Bible searching they would find an elaborate Planned Economy in the Pentateuch, and some of its articles might very well suggest improvements in their own.

The specialists in Marxian science tell us that all wars are caused by economic conflicts, but they forget to add that those conflicts are usually between Planned Economies. Yet this was plainly the case with the American Revolution, and it was scarcely less the case with the Civil War. In the latter the Southern planters defended a Planned Economy that they had worked out to several places of decimals and reinforced with all the customary moral and theological hullabaloo, and against it stood another that was not a bit less precise and cocksure, and surely showed no lack of prophetic fire. But Planned Economies, when they lock horns, do not always cause bloodshed; sometimes there is nothing worse than a collision of winds. I point, as examples, to the celebrated combat over the Bank of the United States, now half forgotten in the gathering dusk of the years, to the uproars over Greenbackism and Free Silver, and to that over Imperialism. Even Prohibition, though everyone seems to forget it, was to bring us economic salvation as well as moral grace, and was thus a kind of Planned Economy. As for the New Economy of the Hooverian era, it was so profoundly planned that it could be expressed in graphs, and these graphs were issued in great number by Mr. Hoover's *pons Varolii*, Dr. Julius Klein, and by a swarm of confident professors.

Thus there is nothing new about the magic now on tap at Washington. Its fundamental principles go back to Hammurabi, and were flogged into the Roman schoolboys who studied the Twelve Tables. Nor is there anything new about the belief of its proponents

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that every one who ventures to dissent from it is a scoundrel, and deserves the contumely of all patriotic men. This corollary simply proves that the brethren, having taken to politics, are exercising themselves vigorously with the ancient artillery of politicians. The only novelty they offer is the invention of a limbo called *laissez-faire,* a sort of moral concentration camp for all persons who refuse contumaciously to be totalized. The name is foreign and hence somewhat indelicate, and I have no doubt that those who do not know what it means are easily persuaded that it is somehow connected with the *lex talionis*, which is also beyond them. But there is really a considerable difference between the two, and if the young sophiologists do not know what it is, they can find out very readily by consulting the books.

So far as my own researches show, no advocate of *laissez-faire* has ever actually proposed, as charged, that the world abandon all ethical sanctions in the conduct of its economic affairs, whether public or private. Certainly the Physiocrats did not propose it, nor David Ricardo, nor Nassau Senior. As for Adam Smith, he was a Scotch moralist before ever he became a British economist, and his *Theory of the Moral Sentiments* preceded *The Wealth of Nations* by seventeen long years. It is therefore rather a stretching of the truth to depict *laissez-faire* as a kind of economic cannibalism, dedicated to boiling down the bones of the lowly. It is actually quite alive to the obvious fact that their welfare is the best of all gauges of the general welfare, and some of its chief arcana —for example, free trade—have had, among other purposes, that of making them safe, well-fed, saucy and happy. Nor have any of its spokesmen, I believe, ever stood against a Planned Economy as such. What they have stood against has been only the kind of economy that is planned by fools and rogues. Their fundamental maxim is no more than this: that a man familiar with a given art or trade, or with trade or industry in general, is much more likely to have sound ideas about how it ought to be carried on than a theorist imagining Utopias or a politician looking for votes.

They have objected with some heat to laws which hamper free enterprise and put the man of enlightened self-interest in the dock, but they have not objected to laws which prohibit artificial privilege and unfair competition. On the contrary, they have generally supported such measures earnestly, and shown a considerable ingenuity in framing them. Thus the free-traders, the chief exponents of classical *laissez-faire* in our time, have also been the chief enemies of combinations in restraint of trade, and it is their natural antagonists, the protectionists—which is only another way of saying the Brain Trust's immediate forerunners in economic planning—who have fostered monopoly, and ground down the faces of the poor. When the Coolidge Prosperity collapsed under the unfortunate Hoover it was actually, as I have said, a Planned Economy that collapsed. It had a staff of necromancers that was almost as bold in fancy and as long on promises as the outfit now operating in Washington, and at the head of it stood a virtuoso whose gift for running the business of other people was one of the seven wonders of the world. Certainly no Planned Economy was ever better named. And equally certainly none other ever blew up with a louder report.

Its disaster was so vast that, in a rational world, it might have discredited Planned Economies for a long

while, and perhaps even forever. But fortunately for the gentlemen who stood waiting behind the arras not many people are rational when they apply their minds to public affairs, and very few of them live in the United States. Thus these gentlemen were able to rush forward with a new and even more dubious Planned Economy before the wreckage of the old one came down. The country was so scared that it hadn't the breath to challenge them, and they added to its alarm and hence to their opportunity by shrill and blood-curdling outcries, the burden of which was that not only the late Planned Economy had blown up, but also the whole capitalistic system. On many other points they appeared to differ seriously among themselves, but on this point they all agreed: that on March 4, 1933, at high noon, the economic system which began with Crô-Magnon Man came to an end, and that some substitute for it had to be improvised at once, lest civilization itself go too.

This, of course, was nonsense, and the most that may be said for it today is that it made very effective political medicine at the time it was concocted. As every one knows, all politics under democracy is essentially the practice of quackery, and the first business of quackery is to scare the patient. Thus every politician, when he prepares to seize the easements and hereditaments of some other politician, looks about him first of all for an effective bugaboo. If nothing better offers, the sitting brother has to be used himself, but that device, though almost always available, is not very useful, for not many voters are either surprised or shocked by the charge that he is a public enemy, and ought to be turned out. For larger occasions it is necessary to invent more formidable werewolves, and all through our history they have been invented copiously—the Bank, the Southern Bourbons, the Railroads, the Beef Trust, the Oil Trust, the Gold Power, Wall Street, the Interests, the Hun, the Japs, John Barleycorn, the Mortgage Shark, the Tory, and so on almost *ad infinitum*. The Brain Trust boys, by a convenient stroke of luck, were enabled to effect a tremendous synthesis of banshees, some new but the most old, and with this creature they managed to throw the country into a panic of terror. It had multiple heads, borrowed from Hoover, Andy Mellon, Wiggin, Mitchell, Bishop Cannon, Al Capone and many another scarecrow, but its main corpus was the cadaver of capitalism, sieved with ghastly wounds and in graveyard clothes.

But it was after all only a banshee, and keeping it kicking has been heavy work. The moment the first scare was over some of the customers began asking themselves why, if capitalism was so dreadfully dead in America, it had not also died in England and France. What the official answer is I do not know, for I can't find it in any of the communiqués that have reached me. But the actual answer is plain enough: the death of capitalism, as the phrase goes, was greatly exaggerated. Indeed, even its illness was exaggerated. It had been severely mauled by Wiggin, Mitchell and company, and the inept surgery of Mr. Hoover had certainly done it no good, but all the while the *vis medicatrix naturae* was silently but powerfully at work, and by the time the mourners began to gather the patient was well on the way to recovery. Of late that fact seems to have penetrated to the cavernous cerebrums of the Brain Trust, despite the formal persistence of its faith in the catastrophe of March 4, 1933. Its glorious young men still refuse to admit categorically that capitalism did not die

then, but they have begun to protest urgently that they don't want to be counted among its murderers, or even among its evil-wishers, and whenever there is any fresh sign of its recovery they join in the rejoicing, and try to get some of the credit therefor.

As a matter of fact, they are all clients of capitalism, and must know it deep down in their massive brains. Their show has been kept running from the start by the capital of Americans who, while the going was good, worked hard and saved their money—in other words, by the accumulations of capitalism—and they would have to shut down tomorow if this supply ran out. They have not shown any visible capacity for financing their grandiose operations otherwise, and it was only because capitalism was very far from dead in 1933 that they have been able to carry on so long. All their schemes for raising the wind are essentially and incurably capitalistic schemes. They never lose sight of the fact that the taxpayer, in order to be taxed, must have something to tax, and they are careful to let him acquire it in the only way that has ever worked on this earth, to wit, in the capitalistic way. In brief, they are full of the transparent false pretenses of the politicians they profess to abhor. Mention the only honest and plausible alternative to capitalism, which is communism, and they hasten to protest that they are against it: indeed, a bare reference to it in the Darrow report was enough to set them to beating their breasts in outraged innocence. And yet they keep on mouthing the nonsense that capitalism is done for, and can serve the uses of mankind no more.

Thus there is a fundamental fraudulence in the New Deal, and out of it flow a multitude of corollary fraudulences. It is a grotesque compound of false diagnoses and quack remedies. Those remedies come impartially from the platforms of forgotten revolutionaries of the cow country, and from the portfolios of young pedagogues eager for short cuts and quick promotions. Some of them were put to trial long ago in this or that backwater—for example the guarantee of bank deposits and the government control of money crops—and there failed ingloriously; others are so fantastic that even the Legislatures of Wisconsin and the Dakotas have refused to fool with them. The grab-bag of the Bull Moose has made its contribution, and the catch-all of the Populists. There are borrowings from Marx and John Wesley, Henry George and Wat Tyler, Trotsky and Savonarola, Mussolini and Henry Ford. All the fallacies in the logic books have been levied on, and all the hallucinations of twenty-five centuries of Utopians. It is a hodge-podge so frantic that it would have delighted Bronson Alcott, and one can only regret that he passed away so long before it was concocted.

Planned? Then so is a dog fight planned. The one thing that its shining ornaments have in common is not a common purpose nor even a common method, but simply a common privilege, to wit, the privilege of wreaking their genius for folly upon the taxpayer, each for himself, rugged individualists all. There is a complete lack of coherence in their operations, save only that kind of coherence which Grover Cleveland called "the cohesive power of public plunder." While one faction bellows that overproduction is ruining the farmer, and frames a multitude of discordant projects to restrain him, first by bribes and then by penalties, another faction proceeds to lay out hundreds of millions on schemes that can only have the effect of making the land produce more and more. And while one faction exclaims

that the mortgage load is intolerable, and must be lightened if we are to escape catastrophe, another prepares to accommodate delinquent debtors with larger and grander mortgages, financed out of taxes. Indeed, it would be hard to think of any proposal of the starboard watch that has not been refuted and made a mock of by some proposal of the port watch. First there was a spectacular attack upon governmental extravagance, with multitudes of poor letter-carriers and other such laborious fellows reduced to starvation wages, and then there was a vast multiplication of jobholders at high salaries, performing imaginary tasks. First there was a violent effort to lift the wage level above the price level, and then there was a violent effort to raise prices. First there was a holy war on speculation, and then there was a formal licensing of speculation. And so on, and so on.

Of late, I observe, the spokesmen for the Brain Trust have begun to abate their tall talk about planning, and to speak of experiment instead. Experiment it is—in a dingy and unclean laboratory, with cobwebs choking the microscopes, and every test-tube leaking. Such experiments are made by bulls in china shops, and by small boys turned loose in apple orchards. What, precisely, is the general idea underlying them in the present case? No one in Washington seems to know, and least of all the *Führer*. It remains, in fact, an unanswered question in the town whether he inclines toward the Left or toward the Right—which is to say, whether he is really for a Planned Economy or against it. One day the extreme revolutionaries seem to have the upper hand, and we are headed full tilt for communism, and the next day we beat a disorderly retreat to the Democratic platform of 1932. I dare say that most Americans would welcome any Planned Economy that showed the slightest sign of working, if only for the sake of getting rid of doubt and suspense, but how is the one we now hear of going to work so long as no two of its proponents agree as to where it is heading, or what it can accomplish, or what it is? How is it going to work so long as its devices are abandoned almost as fast as they are launched?

These questions the advocates of the New Deal appear to overlook. They are hot for it, but they neglect to explain why, save on grounds so general that it is impossible to make head or tail of them. In late weeks some of them have forsaken the defensive for the offensive, thus taking a cue from General Johnson, J. D., but using rather more decorous words. Their contention, in brief, is that all the opponents of the Brain Trust are simply morons with a congenital antipathy to brains. On this romantic theme Dr. Charles A. Beard was performing almost hysterically a few weeks ago in the *New Republic,* and somewhat later Dr. Harry Elmer Barnes printed a piece to the same effect in the Scripps-Howard papers, arguing that the advent of Tugwell, Morgenthau, Johnson and company was "almost and answer from Heaven to * * * the old prayer for an intellectual aristocracy in the halls of government." I have a veneration for both Dr. Beard and Dr. Barnes, but when they are silly they are silly—and this is one of the times. Obviously, they have failed to notice that what causes the Brain Trust to be suspect is not the belief that it has brains but the rapid growth of an unhappy conviction that it lacks them. If it has them, they why are they not functioning? And if they are functioning, then why can't the brethren sit down together quietly, and come to some sort of agree-

ment as to what they are driving at?

One of their original promises, as connoisseurs will recall, was to put down that anthropophagous competition between man and man and class and class which, according to their theory, was to blame for all the sorrows of mankind. To what extent has this been accomplished? Only to the extent of subsidizing one class at the cost of another. The first class, by the Brain Trust premises, consisted wholly of virtuous innocents (mainly, it appears, farmers) who had suffered cruelly at the hands of the New Economy—but actually it included also the whole vast rabble of chronic mendicants and incurable unemployables. The second class, by the same premises, consisted wholly of speculators and exploiters—but actually it included also every American who had worked hard in the good times, and saved his money against a rainy day.

Where have the benefits of the New Deal, such as they are, really gone, and where do its burdens lie? Its benefits, obviously, have gone in the main, not to honest and industrious men caught in a universal misfortune, but to rogues and vagrants to whom a universal misfortune is only a new excuse for avoiding work. And its burdens lie, not upon the small group of brigands who flourished under Hoover, but upon the large body of good citizens who give a fair return for every dollar they earn, and ask only the right to pay their own way. This is all that the attempt to repeal and amend the competitive system has come to. If that system prospered scoundrels, then the New Deal prospers more of them, and worse ones. They were once, as the forerunners of the Brain Trust were fond of telling us, very few in numbers, and each had but one throat to cut. But their heirs and assigns have ten million votes, and they will still be passengers on the back of the American taxpayer long after the New Deal has ceased and desisted.

Its triumphs, it seems to me, have all been imaginary—save only the triumph, if it be one, of loading the public payroll with a vast and impudent camorra of magicians and astrologers, Chaldeans and soothsayers, and converting government into a public nuisance. Has it succored the wailing farmer? Nay, the farmer is still wailing, even as the horse-leech's daughter. Has there been any overhauling of the banking system, delivering it from crooks and fools and making it safe? All I can discover is that some deposits are guaranteed in some banks. As for the depositors who were "saved" by the Bank Holiday, they are still whistling for their money. But the Securities Act—surely that has achieved something? What it has accomplished is to hamper honest issues—and turn the thrifty over to wild-catters. The liberation of labor? Labor is still fighting for its most elementary rights. Speculation? It is still free to the insiders; only outsiders are barred. The national load of debt, public and private? It is larger than ever before, and still growing. Price fixing? It is now virtually official. But perhaps there has been going on, under all this, a real redistribution of the national income? Perhaps social justice has begun to flow at last, despite some unhappy phenomena on the surface? I seek an answer in the March returns of income tax. They show that the receipts from persons with incomes of more than $5,000 increased 23 per cent over 1933, and that those from persons with incomes of less than $5,000 decreased 13 per cent.

What the Marxians would call the dialectic of the New Deal is quite as

silly as most of its overt measures. That dialectic is a feeble combination of worn-out platitudes and incredible hypotheses, and is as full of gross and manifest contradictions as the testimony at a murder trial. Whenever one of its prophets is pinned down to a categorical statement of it—as happened, for example, when Dr. Tugwell was haled before a Senate committee—he writhes like a deacon taken in crim. con., and must seek refuge in the doctrine that truth is a changing value, to be determined from time to time by trial and error. But trial and error is precisely the thing that these gaseous cerebrums were to save us from; if we must still endure it, then certainly it would be better to endure it at the hands of men with less "brains" and more sense. The real trial, of course, has been of the New Deal itself, and the real error has consisted in enduring it so long. It has cured none of the ills that the country was suffering from a year and a half ago, and it has multiplied the pains and penalties that went with them. Every American who helped to earn and amass what is left of the wealth of his country is worse off now than he was before, and every loafer and mendicant is more confirmed in his worthlessness.

The only real beneficiaries of the saturnalia of expropriation and waste are the gentlemen of the Brain Trust itself. Lifted out of their dismal classrooms, chicken-farms and law offices, they roll in the heady catnip of eminence and drink the fiery white mule of power. To them Utopia becomes a gorgeous reality, with a high-sounding title, a luxurious office and a good salary for every inmate, not to mention a staff of secretaries, messengers, press-agents, bibliographers and remembrancers, and the newspaper boys waiting in the ante-chamber. They have done well by themselves indeed—gloriously and gaudily well—at your expense and mine. As for the risk they take, they have nothing to lose but their "brains."

Should the Codes Survive?

By WILLIAM A. ORTON*

WHEN the life of the good fairy in *Peter Pan* is in danger, the audience is told to clap vigorously if it wishes the good fairy to survive. The nation will have to applaud vigorously next November if it wishes the NRA to survive. Unless the new Congress actively intervenes to save it, the system will come to its appointed end on June 16, 1935. The language of the Industrial Recovery Act is peremptory on that point. The youthful audience of *Peter Pan* invariably rises to the occasion, because it has no misgivings about the goodness of the good fairy. Here the analogy becomes a little shaky. There seems to be room for a good deal of doubt whether the code system, as at present organized, deserves to be rescued. The nation must make up its mind; but the controversy now raging has produced, so far, more noise than edification.

The liberal wing of the administration has consistently taken the view that the code system constitutes the first instalment of a permanent reconstruction of American economic life—an initial but decisive step toward what is loosely called a "planned economy." The President's message to Congress last January appeared to support this interpretation. "Recovery," he said, "means a reform of many old methods, a permanent readjustment of many of our ways of thinking and therefore of many of our social and economic arrangements. In the industrial recovery program we have created a permanent feature of our modernized industrial structure." The President was a little ahead of his cue, for the program is not, and cannot be, permanent unless and until Congress so decides. But the Left Wing appears to take it for granted that Congress will so decide. Donald Richberg, General Counsel of the NRA, has claimed, for example, that "the passage of the National Industrial Act marked the beginning of a conscious organization and direction of trade and industry. The permanent need for a planned economy and for the service of public agencies of business coordination has been amply demonstrated."

Mr. Richberg has had the support of the industrialists themselves. H. I. Harriman, president of the United States Chamber of Commerce, says: "Business has long felt, I think, that fair rules of trade practice should be adopted and that dissenting minorities should be forced to observe them. The code system is a long step in this direction. To go back to the old cut-throat competition, with its attendant evils, is unthinkable." General Johnson has repeatedly and emphatically voiced the same sentiment.

But at this point a curious complication arises. While the administration—or a large part of it—and the industrialists stand shoulder to shoulder in defense of the codes, it is by no means certain that they have the same, or even similar, ideas about the

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uture. Precisely what Mr. Richberg nd his colleagues mean by a "planned conomy" is at present their secret, if nybody's. The administration has so ar given little evidence of its ability o "plan" more than a few weeks at a ime.

The reasons for the industrialists' upport of the present codes are clear-y on record. During the years 1928-29 he National Association of Manufac-urers conducted an inquiry into the ituation that had come to be known .s "profitless prosperity." A more han usually intelligent questionnaire vas answered by 850 members, more han 79 per cent of whom stated that ›rice-cutting was a major problem in heir industries.

The National Association's report o its members endeavored to demon-strate that the price-cutting policy was ›oth futile and dangerous. The stat-sticians produced a set of examples showing just how much expansion of sales was necessary to break even on a given percentage price cut; and the quantities were beyond what any price-cutter could reasonably expect. Further, said the association, see what actually happens. With unrestrained competition, an individual price-cutter expands his sales mainly at the ex-pense of somebody else, who promptly meets the cut or more than meets it; the process goes on throughout the industry, and the final result is about the same relative layout as before among the various firms, the only dif-ference being that they have driven the general price level down to, or even below, bare costs of production. Thus appears a condition of great busi-ness activity, with prosperity fast dis-appearing "round the corner."

What was the remedy? The remedy, with which business and industrial groups generally concurred, was first, a more accurate and uniform estima-tion of costs, and, second, a policy of basing prices primarily on costs in-stead of on competitive market condi-tions. To both these ends the trade associations were the natural means—the most effective instruments for securing uniform costing principles and pricing policies throughout their industries. They would be more effec-tive still if their policies, once agreed on by a majority in each case, could be made mandatory as regards recal-citrant minorities. The National As-sociation also attached considerable value to the trade practice codes ac-cepted by the Federal Trade Commis-sion, many of which included selling below cost and similar practices in their specification of "unfair methods of competition."

The New Deal, therefore, opened a prospect that was little short of daz-zling. Of course, there had to be a bargain. The President wanted mini-mum wage schedules, maximum hours, restriction of child labor and the right to collective bargaining; in return, he offered the key to the trade associa-tions' paradise. The price was high, but worth it. Codes rained on Wash-ington.

Now, it was clear from the start that the industrialists' willingness to cooperate sprang from the simple fact that the code system offered a more effective means of controlling and re-straining competition than was possi-ble under the anti-trust laws and the Federal Trade Commission. It is true, of course, that the President may ap-prove a code only if he finds that the trade associations or corresponding bodies are truly representative and impose no inequitable restrictions on membership; also that the code is not designed to promote monopoly or to eliminate or oppress small enterprises. In the 400-odd codes now in existence the presumption is that the President

has in fact so found. Whether the courts will ultimately agree with him is another question.

It is true also that the act expressly safeguards the powers of the Federal Trade Commission; but it decrees that code provisions approved by the NRA are tantamount legally to the fair practice codes approved by the Trade Commission itself before General Johnson started doing that body's work for it. Whether the Trade Commission will consent to take that view after the act expires is another open question.

The immediate and outstanding fact is, however, that the code system was meant to bring about, and supported because it would bring about, a level of prices more satisfactory to the manufacturers than the level of free competition. It does this by means of rules drawn up by the producers in their own interest and backed by the full force of the law, many of which would be illegal apart from the special protection afforded by the NRA.

A survey of the codes shows that, in addition to the standard stipulations affecting employment, the majority contain fairly uniform provisions affecting production and price policy. Two of these provisions are of especial interest in this connection. The first prohibits selling below cost—the effect of that depends upon the definition of cost. A second very general stipulation deals with this question. Most codes provide for the compulsory adoption of standard cost-accounting systems prescribed by the code authority. In some cases the systems are outlined in the code itself, and from these one can gain a pretty clear notion of what cost means in trade association circles.

The asphalt shingle and roofing code, for instance, defines direct cost as the sum of four items: (a) raw material cost, including transportation; (b) labor cost; (3) manufacturing burden, or overhead; (d) 15 per cent of the sum of the first three to cover indirect overhead. The code authority in this case has power to investigate, and all prices must be listed with it.

The paint, varnish and lacquer code is equally specific. Cost is defined as the replacement cost of all materials, plus containers, plus cost of processing, plus overhead distributed according to the records of profit-making producers, plus general administration costs as determined by the code authority.

The pulp and paper code gives manufacturers a choice of two methods of pricing: prices may be based on direct costs of the three previous months as ascertained by a standard system; or they may be made to equal the lowest listed price of the product actually quoted by another producer. In the latter case, the specific justification must be stated, and an upward revision by one low-price firm automatically pulls competitors up with it.

In the lumber trade the code authority undertakes not only to impose a uniform costing system but to "determine" prices to cover costs of production; it also fixes minimum prices on imports. In the iron and steel code the trade association obtains authority to condemn listed prices that it finds too low, and to fix new ones. The petroleum equipment code goes even further, providing for the levying of damages on code violations equal to 20 per cent of the invoice price of the product, apart from penalties imposed under the general powers of the Recovery Act.

In addition to the frequent requirement that all prices shall be listed and kept up to date, a good many codes include schedules of rebates, discount

rates and handling charges. The detail in this respect is voluminous and technical. An interesting case is that of the corset and brassiere code, which in addition to the usual list of allowable discounts, sets a delivery charge of 25 cents on all orders of less than $5, stipulates that no forms shall be used for corsets costing less than $2 or brassieres costing less than $1, and lays down a whole series of standard quotation prices, between which prices no intermediate rates are allowed. This, the code explains, is not price-fixing, because each manufacturer may still give what value he likes to each of the standard quotations.

According to a statement made by General Johnson in the third week of February, 60 per cent of the codes then approved contained "some form of price-fixing or stabilization." Overt price-fixing in the codes is, however, rare; the bituminous and petroleum codes are the most important examples of it, and in both these cases the price lists are supposed to have the approval of the administration. The oil code also takes power to fix resale prices—a highly contentious issue on which the Trade Commission, with a pistol held to its head by General Johnson, has firmly refused to commit itself.

Open-price agreements figured in no less than 92 of the first 200 codes. Frequently a waiting period intervenes before the listed prices take effect—a period during which something like a line-up can, and often does, take place. There is no doubt whatever that the combination of open-price policies, sales-below-cost rules and compulsory cost-finding methods has in a great many cases been tantamount to a complete price-fixing system.

To complete the picture of this phase of code activity, mention must be made of the controls established over production or productive equipment. Some of these controls are analogous to what used to be called simplified practice procedure—specifications of the number of allowable varieties of product, of package, of size or weight. Others go much further. The oil industry passes under a régime of strictly "planned production," with power to establish quotas resting ultimately with the Department of the Interior. The copper industry similarly proposes "to regulate, curtail and allot the volume of current production in such manner as shall be agreed upon by the parties participating in such regulation, curtailment or allotment." The lumber industry has already established an elaborate system of regional and individual quotas on a percentage basis. The iron and steel code takes power to regulate production "if necessary." It also establishes a strict control over the setting up of new productive equipment, as does the cotton textile code.

The most striking instance of this latter type is in the ice-manufacturing industry. The United States Supreme Court in March, 1932, denied the right of the State of Oklahoma to regulate the ice business. The State had required the obtaining of a license before any new enterprise could be set up, and in this particular case had denied a license on the ground that further equipment was unnecessary. Justice Brandeis defended the State's right to limit competition where the result would be merely a waste of resources, but found himself, with Justice Stone, in a minority. The ice code expressly requires that a permit must be obtained from the code administrator before any additional equipment may be erected. Precisely what the Supreme Court refused to sanction in

the territory of a single State the code imposes upon the entire Union.

Now a good deal of all this elaborate machinery represents a brash but sincere attempt to eliminate the basic evils of destructive competition and chronic over-capacity. As such, General Johnson has defended it. He has argued also that if unrestrained competition were once more let loose it would be impossible to maintain even the modest wage standards now prevailing. The wage-earners are not so sure of that; and as they become increasingly aware of the upward price tendency inherent in these arrangements, they wonder whether the employers are not taking away with one hand rather more than they give with the other. The farmers are quite certain that that is the case.

All the public money that is being poured into the agricultural regions to promote scarcity has so far failed to offset the efforts of the codified industries to raise prices. Therein lies the nub of Secretary Wallace's dilemma. He is supposed to be raising the relative level of farm to non-farm prices to a pre-war "parity," but, according to statistics released by his department in June, the first year's operation of the Agricultural Adjustment Act left the ratio exactly what it was before. Farm prices have been raised; non-farm prices have been raised, too, and the balance remains unaltered.

Whether the special protection given to industry was wise or not, the code system contains in itself no machinery for releasing consumer purchasing power along with rising prices on any scale sufficient to restore the normal demand for goods and services. If the President was ever naïve enough to think that the labor provisions of the codes would do this, he is now learning a bitter lesson.

The voluminous criticism of the code régime is exceedingly difficult to summarize, but the testimony on which it is based has shown a clear trend ever since the hearings on price changes were held in Washington last January. At those hearings ample and striking evidence was produced not only of general price increases but of complete uniformity of prices where competitive conditions formerly prevailed. The leading mail-order firms, in a very able report submitted in February, argued powerfully "that the compulsory open-price feature must be eliminated entirely," and saw "an element of great danger to the entire economic system" in the innocent-sounding rule about selling below cost.

General Johnson referred the matter to a committee of wholesalers and retailers which he appointed. This committee, at the end of March, produced a report strongly favoring the open-price system. Though the committee was careful to point out (what is true and important) that the small firm is not always the high-cost firm, it was plain from the tenor of the report that the committee was thinking primarily in terms of the protection of producers and tradesmen and of a price system that would operate in restraint of competition. Such committees inevitably and always think that way.

Meanwhile, the Federal Trade Commission had been investigating, on instructions from the Senate, the steel and oil codes. The results were utilized by the Darrow committee in April and May, and damned by the NRA in language that is surely unique as passing from one government department to another. But the surprising thing about both the commission's findings and the Darrow reports is the air of injured astonishment with which the administration received

them. Apart from particular cases of maladministration and sharp practice, the gist of the documents was that the codes are run by and for the more powerful producers, and that under them the small man has lost a great deal of his liberty to exploit a favorable competitive position. Surely a conclusion that should surprise nobody, the NRA least of all! That, by General Johnson's own statements, was precisely what was intended!

The real awkwardness of the Darrow committee's utterances lay not in the specific charges to which the administration addressed itself but in the challenge to the general policy assumed by the General and some (by no means all) of his colleagues. To quote a newspaper summary: "Not the least of the Darrow majority's conclusions was an attack on General Johnson's theory that business men's enlightened self-interest may be relied upon to make industry an adequate substitute for the law of supply and demand as a safeguard and balance wheel for the conflicting interests of the capitalist, the worker and the consumer in the national economy."

On this issue, it must be frankly stated, the overwhelming weight of both history and contemporary evidence is against the naïve optimism of General Johnson. One need not assume that all organized industries are acting, or would desire to act, as greedy monopolists. That is not the case. The point is that none of us, in vital matters, can be trusted to preserve an absolutely impartial balance between our own interests and those of other people. There have been a good many examples in history of State power put at the disposal of special interests, and they have very seldom turned out well. The essential condition of success, or even safety, is a minute and constant scrutiny by the State of the arrangements to which its sanction is being committed. In this respect the code provisions are totally inadequate.

The average code authority is composed, mainly or entirely, of trade association representatives, plus from one to three nominees of the NRA sitting without a vote. Except in the needle trades, organized labor has failed to win any voice in the determination of policy; and in none of the codes (so far as the writer's study shows) is there provision for the hearing or representation of consuming interests outside the industry. The oil and the coal codes require the express sanction of the administration for their quotas and price lists; none of the others goes as far. Why do not the official representatives on the manufacturing code authorities have voting power? Because that would mean a quite definite measure of government intervention, and industry would not stand for it.

None the less, industry will have to stand for it if the code system is to survive. Ogden Mills, opening the Republican campaign last May, had the wit to see this and to base his attack on the alleged perils of regimentation and bureaucracy. A good deal of his ammunition was drawn from the utterances of Rexford G. Tugwell and other "Left Wingers," who have quite rightly and plainly stated that planning means authority, and that the ultimate authority must be that of the State itself as representing the general interest. Yet the administration does not appear to be moving their way.

Granting that the development of the code system toward a genuinely "planned economy" means closer State supervision of the organized industries, it is doubtful whether the administration as a whole is either

able or willing to pay that price—and lose the support of the industrialists in doing so. On the score of ability, it is to be noticed that the active supervision of the 432 codes already approved at this writing calls for a force of well over 1,000 men qualified to make expert decisions on highly technical matters, supported by a specially recruited civil service of several thousand more. But NRA forces, it is announced, are to be curtailed rather than expanded. The abandonment of price fixing in future codes, and the scrapping of individual codes for service industries, similarly suggest that, as a recent news writer put it, "the NRA is to be the advance guard in the withdrawal to tried ground."

It will not withdraw quite as gloriously as it advanced, with the trumpets blowing and the blue eagles flying, but it will have very respectable company on the road back. Such influential Senators as Borah, Nye, Costigan and Glass are frankly campaigning for a prompt return to the anti-trust laws. An increasing number of economists are lining up with them, somewhat reluctantly, because nobody knows better than the economists what a clumsy means of contro' those laws represent.

The plain man can draw at least one conclusion from the controversy over the NRA. In its relations to business and industry, the administration must either go further in or get further out. It cannot stay where it is. Any advance toward a genuinely planned economy means a much closer connection between government and business. A study of the planning schemes of the past decade—in rubber, sugar, coffee, wheat, newsprint and other cases, domestic and international—proves beyond a doubt that there is no permanent half-way house in this matter. Any plan that is to be successful cannot stop short of absolute control of production. Control of marketing is not enough, and by itself usually makes matters worse.

There would seem to be strong ground for accepting this lesson in the case of the basic industries, whose codes (particularly the coal code, which in its present form cannot long prove practicable) should be redrafted with a view to permanent public utility status, enacted as separate legislative acts, and divorced from the NRA. The present writer would include in this category coal, oil and power, as first objectives, with lumber, copper and the other metals in the middle distance.

There are three dominant considerations all pointing to the desirability of genuine planning in such cases as these: (1) Calculations of supply and demand in long-range terms are more feasible and more necessary here than in secondary lines of production; (2) the exploitation of limited natural resources can no longer safely be left to the short-run policies of an uncontrolled profit motive; (3) the era of international planning which is now upon us demands as a first condition the establishment of rational domestic controls.

But need control go as far in the secondary lines? If the State is to continue its association with the miscellaneous manufacturing industries, it must claim a much closer supervision of the uses to which its authority is put. The official members of code authorities must have voting power, as well as veto power; and they must use it. Is this desirable, and is it practicable? In the writer's opinion, it is at present neither.

The competence of the State to exercise the degree of minute supervision that would be needed may reasonably be questioned. And more im-

portant, there are other methods of general safeguarding that have not yet been tried. It must not be forgotten that the code price levels have been established behind a staggering tariff wall, which has given an artificial lease on life to the high-cost firms.

American manufacturers have had, apart from their powers and privileges under the codes, a quite disproportionate share of State protection for many years; and their economic situation would today be far sounder if their claims in the past had been held down to reasonable limits. As things now stand, many of them are fighting to defend price levels that should never have been established. A discretionary executive power over tariff rates is the most prompt and effective means now possible of controlling general or special prices of manufactured goods. This should be the first corrective measure to be applied in cases where anti-social practices are detected in protected industries; and Congress should at once empower the Executive to make use of it. The Canadian law might serve as a model.

Our conclusion then is that apart from the basic materials industries, Congress should not attempt to continue the code system beyond its expiry date in so far as it puts the force of law behind trade agreements, costing schemes, output restrictions, price-fixing devices and the like. In cases where such measures can be proved desirable, the Federal Trade Commission is already equipped to provide for them, and there is nothing to stop industries that wish to preserve their codes from appearing promptly before it, and rescuing as much as they can justify.

The Federal Trade Commission is the proper body to deal with such matters. It is the one authority vested with wide discretionary power based upon economic reality rather than legal theory; and it is the one body properly equipped to develop constructive policies in cooperation with free economic enterprise. The administration of the anti-trust laws should therefore be consolidated under its direction. Those laws represent merely the negative or punitive part of policy; and while a punitive power is necessary, its importance will naturally diminish as a constructive policy is developed.

Admittedly the time has gone by when the State can define its policy toward business in such simple terms as "restraint of trade," "substantially lessen competition," "tend to create a monopoly," and the like. The nation's business is too complex and too dynamic to fit the legal straitjacket. But while the anti-trust laws must certainly be broadened to fit the growing reality, recent experience gives no ground for supposing that we can do without them. Life is a lot more complicated than General Johnson used to think; and when that gentleman at last finds leisure to pick the gray hairs out of his hat, the rest of us may be pardoned for hoping that the days of improvisation are over.

Britain Turns the Corner

By LORD ELTON*

BETWEEN the United States and Great Britain today there is at once a striking analogy and a striking contrast. Both countries have been making an unprecedented effort toward economic recovery. In both, this effort has meant important modifications of traditional constitutional procedure. In both, members of all political parties have grown accustomed to talking and, in many cases, even to thinking, in terms not only of recovery but of reconstruction.

But here the resemblance ends. President Roosevelt, for one thing, has inextricably involved reconstruction with recovery, seeming to regard the former as a Siamese twin, and indeed, occasionally, as a by-product, of the latter. His mandate at the Presidential election extended, no doubt, to both, and it may well be that the nation would have been dangerously discouraged if he had failed to make a simultaneous assault upon both objectives.

The British electorate, however, undoubtedly accorded the National Government its unprecedented electoral victory of 1931 because it was determined to achieve economic recovery. It has been entirely characteristic of the British tradition to concentrate successively, one by one, upon the immediate tasks which brooked no delay, scarcely at first giving a thought to the wider problems of long-term reconstruction which loomed behind them; or perhaps continuing to hope vaguely that "something would turn up" to spare us the painful necessity of reflecting upon them.

The great code of social legislation, unrivaled anywhere in the world, which has grown up in Great Britain during this century was never constructed according to plan. The Unemployment Bill, for example, which reached the statute book this June is only the culmination of a series of what in the past were often half-despairing reactions to the imperious necessities of the moment. Yet today our insurance scheme stands forth as a complex and majestic code. Not only is it, humanly speaking, on a permanently solvent basis but it is actually able to increase substantially what is already the most generous treatment of the unemployed in the world. And this at a moment when most other industrial countries, the dictatorships conspicuously not excepted, find themselves compelled to impose fresh sacrifices upon their working people. Yet nothing is more certain than that none of those who originated the scheme in 1912, with its maximum benefits of seven shillings a week, can have imagined in his wildest dreams its expansion to the present elaborate and comprehensive code.

The British have always been sus-

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picious alike of theorists and of paper constitutions, and it has been no coincidence that our Economic Advisory Council has never come within a thousand miles of developing into a Brain Trust. For my own part, I fancy that the British Government, by concentrating so resolutely upon recovery first, as the essential preliminary and basis of subsequent reconstruction, is not only rightly interpreting the wishes of the electorate, but is giving both recovery and reconstruction a better chance than they are likely to receive, as yoke-fellows, in the United States.

But if in this respect a comparison between the tactics of the two great governments of national recovery is favorable to the British exemplar, there is another aspect, closely involved with the first, in which there can be no doubt that the advantage rests with President Roosevelt. The President has so far succeeded in preserving the original *élan* of national unity to a large degree unimpaired. The British National Government—which has had, it must always be remembered, a longer course to stay—has already lost a disquieting number of its friends. That it is still strong enough to win another general election by a comfortable majority there can be no reasonable doubt, but the first fine enthusiasm of 1931 is conspicuously no more.

Now that is not because the government has failed. On the contrary, it has succeeded. But the success has been far from spectacular. It would be more accurate perhaps to say that the government has failed to make it spectacular.

Not only is the cheap popular press—whether red, pink or merely yellow—unanimously, although for a variety of quite contradictory reasons, ranged against it, but the government's own powers of self-advertisement have been negligible to the verge of nonexistence. It has altogether lacked the American President's happy sense of popular psychology. No doubt too if its legislation had been as adventurous (and, I must add, as experimental) as President Roosevelt's, it would have retained, like him, a substantial degree at any rate of that excited sense of unity and of adventure which, like him, it contrived to evoke at the outset. What all this amounts to is that, unlike President Roosevelt, the British National Government has failed to persuade the world that it has delivered the goods, though (also, I fancy, unlike him) it has in fact already delivered them.

National Government itself is an achievement, and by National Government I mean primarily cooperation between representatives of all three parties and that consequent release from the narrow bonds of party tradition and party dogma, which extended in 1932 to "the agreement to differ," under which Liberal members of the Cabinet remained in office while openly dissenting from their colleagues' decision to set up protective tariffs. All over Europe the breakdown of party has meant the breakdown of parliament. In Germany, Austria and the rest, it was largely the abuses of the party system which had so far discredited parliaments that, when the crisis came, they were inadequate to meet it and dictatorship arose upon their ruins. In the British Empire, on the contrary, the parliamentary method had deeper roots and under the stress of crisis it was not Parliament that was surrendered, but party.

In the first place it would be well to recognize that, despite the formidable Conservative composition of the National majority in the House of Commons (on the strength of which British commentators in the United

States were prophesying within a week or two of the election of 1931 that his Conservative colleagues would expel Mr. MacDonald before the end of that year), the present administration is fully entitled to call itself National. In this above all parliaments it is the executive which counts, and the House itself, more completely than ever before, has become a mere mechanism for registering the often far-reaching decisions of the Cabinet. And in the Cabinet the balance between different parties is of course far more evenly struck. There can be no doubt moreover that in the Cabinet the Prime Minister—whom red, and indeed pink, propagandists, both at home and in the United States, have from the outset described as a "helpless prisoner of his allies"—exercises a dominating influence which is of profound political significance.

What is most important about an all-party government of this character is —that it is all-party. Our parties, all three of them—programs, tactics and, to a large extent, leaders—were almost entirely the product of pre-war conditions. And where they were not pre-war they were certainly pre-crisis. The characteristic problems of today, however, could manifestly never be solved by a Parliament in which party cleavages and party programs had crystallized under economic conditions which the rapidly developing economic crisis of today had already rendered all but antediluvian.

Thus, long before the crisis, it had been evident that British agriculture could not be revived without a combination of State interference with import-regulation. Yet, while the parties grappled along their rigid traditional alignments, Labor (then officially, though only officially, Free Trade) would have no more truck with import restrictions than would Conservatives (then officially, though only officially, individualists) with State interference. Today in agriculture, as in every other department of policy, the National alliance has made possible the use of weapons from both the traditional armories, and novel inventions into the bargain.

Parties depend upon programs, but facts today move too swiftly for programs. In a world of flux no program, or "ism" of any brand whatever, can long retain its validity, and no government can afford to label "not for use"—as all party governments must —any instrument whatever in the political armory. Enlightened empiricism, each measure on its merits, is the only policy for such an era as this. This is pre-eminently the age of the expert, and democracy, if it is to survive, must adapt itself to the age. Only a strong government and an all-party government can give the expert the free hand he needs, for only an all-party government will ignore the limits of traditional party dogma, and only a strong government will pass measures which are certain to earn a temporary unpopularity. In an era of complex and ever-changing problems the party caucus is almost as unsuitable an instrument as the wit of man could devise for taking the decisions on which our fate depends.

There are at least two more significant aspects of National Government *per se*, as a novel departure in democratic technique, considered quite independently of its concrete achievements in legislation. In the first place, the opposition to National Government is largely, though by no means explicitly, based upon the familiar doctrine of the class war, the belief, that is, that there can be no such thing as a nation or a national interest, only a congeries of classes and an aggregate of always and inevitably warring

sectional interests. Those who believe that the hateful doctrine of the class war, which all over Western Europe has proved itself fertile only of Fascist dictatorship, is now the chief obstacle to the progress of civilization, should recognize that National Government not only represents the concept of national unity but, by representing it, perpetuates it.

There is one other virtue indispensable to the modern democracy if it is to compete on anything like equal terms with its rivals, the dictators, and that is strength. It must not only be strong if it is to abandon the ruts of dogma, if it is to present to the world a stable and united front, if it is to find courage to pass unpopular measures, but also if it is to resist the vested interests of party.

It must be strong for still another and more technical reason. Under the British parliamentary system a government without a powerful majority cannot enact anything like a considerable volume of legislation. The resources of legitimate parliamentary obstruction open to an almost equally numerous opposition are so formidable that a government with a small and unstable majority, still more, of course, a government like the Labor government of 1929-1931, without a majority at all, is inevitably condemned to ineffectiveness and exasperation. Now under present political conditions in Great Britain it is morally certain that no party could obtain an effective majority. A party government, of whatever complexion, must inevitably be a weak government. And a weak, ineffectual government, as the recent history of Europe has sufficiently demonstrated, is the breeding-ground par excellence of dictatorship.

These, then, are some, though only some, of the chief arguments for National Government as such, as just now the only practicable alternative to dictatorship. What reason, however, it may be asked, is there to suppose that, apart from such *a priori* theorizing, the practical achievements of this particular National Government, with half its course already run, have justified the hopes of those who gave it its overwhelming majority in 1931?

A year ago, a confident chorus of Opposition defeatists was still assuring the world that Great Britain was not extricating herself, and would never extricate herself, from the morass of 1931. Today few indeed are left, even among the most convinced amateurs of the party dog fight, with sufficient hardihood to sponsor that assertion.

That recovery is now so far upon its way that "the short-term crisis" is, humanly speaking, a thing of the past is apparent from the briefest inspection of almost every department of the British national economy. Recovery was always envisaged in terms of lower unemployment figures and financial stability. Both have been conspicuously achieved. Unemployment under the Labor Government of 1929-1931 increased by 1,633,657. Had the figures since then continued to rise at the same rate as they rose in those two years there would now be over 5,000,000 unemployed. There are today 856,000 more persons at work than two years ago, the largest number since 1929, and, despite the generosity of an insurance system which must inevitably do something to increase the number of registered unemployed, the total should shortly fall below the 2,000,000 mark.

British financial stability is so assured that, whereas in 1931 investors were tumbling over each other to withdraw their money from London,

the world has now for some time been almost embarrassingly anxious to commit its money to our keeping. Instead of piling up debt at the rate of £1,000,000 a week on the Insurance Fund alone, we are repaying millions of the borrowed money; the rate of interest on the national debt has been reduced from 5 per cent to 3½ per cent and government securities have reached heights undreamed of in recent years. At a time when, in the world at large, solvent budgets are almost as rare as the great auk, our recent budget not only showed a handsome surplus but provided for the restoration of more than half the cuts and economies imposed in the year of crisis. If it be objected that this would have been impossible if we had paid our full legal debt to America, it may, I think, be fairly replied that we have always been owed more war debts than we owed, so that, had the war bill been honored all round, our surplus would have been larger still.

In 1930 we had sunk to third place as an exporting nation. Indeed, if our exports had continued to shrink at the same rate as they were shrinking under the last party administration we should by now have had no export trade at all. Today we have regained our position as the greatest exporters in the world and in 1932, while the export trade of the United States decreased by 22 per cent, that of Germany by 30.2 per cent and that of France by 27 per cent, Great Britain was the only country in the world whose exports increased.

Moreover, if we turn from trade statistics to what, to many observers, will make a more immediate appeal, it can be confidently claimed that we have come through the great slump with less physical distress among our people than any other nation in the world. No doubt there is, as there always has been, suffering, and it is to be feared that, as always, it has fallen first and heaviest upon the mothers. None the less, the latest report of the Chief Medical Officer of Health showed that, during 1932, the infantile mortality rate had not only not increased but was actually the lowest on record. Lowest on record, too, was the number of registered tuberculosis cases, notoriously the most accurate and sinister of all barometers of malnutrition. Deaths from bronchitis, pneumonia, diseases of the nervous system and premature birth also were all steadily declining.

Moreover, in a typical large industrial area, with a heavy incidence of unemployment, the mortality and other rates were not only not worse than in a similarly typical area where unemployment was relatively light but the average improvement in the "bad" area was actually greater than in the "good." Despite all the irresponsible talk of "starvation," and despite the fact that malnutrition, often for reasons beyond the control of any government, undoubtedly exists, as unfortunately it always has hitherto existed in every great industrial civilization, the standard of life of the wage-earner, employed or unemployed alike, is higher in Great Britain today than in any other great country in the world.

It may be objected that all this is not reconstruction. Even if it were not, the government, as I have suggested above, could fairly reply that a program of recovery, and nothing but recovery, was a literal fulfillment of its mandate. But in fact, of course, reconstruction has not been, and probably can never be, wholly divorced from recovery. If the drive against slums—there is a prospect of rehousing in each of the next five years more slum dwellers than have been re-

housed in the whole of the previous fifty-eight years of successive party governments—if this be not reconstruction, it is difficult indeed to be certain what is. Is not the Unemployment Bill reconstruction? And is it not characteristic of the present topsy-turvydom of political principles that the Labor Opposition (which, in office, declared unemployment insurance to be "outside politics") should now be denouncing indiscriminately not only the characteristic conservatism of the (at last) solvent finance of the act but the characteristic socialism of the statutory bodies it sets up, and should be belaboring as "indescribable meanness" rates of benefit noticeably higher than those which, in times of considerably greater prosperity, the Labor Government itself accorded?

As for the network of agricultural legislation (founded upon the Socialist Dr. Addison's Agricultural Marketing Act) here, surely, is reconstruction with a vengeance, an enterprise at least as adventurous as anything now in progress on the other side of the Atlantic. And, if it comes to minor measures, the London Transport Board was reconstruction, and the Atlantic Merger and the Petroleum Bill. The last measure, it is worth recording, shows the distance we have traveled in the last three years, for when the House of Lords, reputed stronghold of reaction, made all oil that may be discovered in Great Britain the property of the nation, scarcely a newspaper gave even a single headline to what was surely a major landmark in the history of opinion.

For carrying reconstruction further, the present government, provided it can find the courage, is singularly well placed. For one thing, from a "respectable" administration the British public will accept without a tremor progressive measures which would have scared it into hysteria if they had been proposed by Socialists. Thus the *House of Lords would have rejected* in holy horror a Socialist Petroleum Bill couched in identical terms. Indeed, all our Socialist legislation has been placed upon the statute book by convinced anti-Socialists.

The fact is that at any time during the last century, three-quarters of the politically conscious British public has been in substantial agreement as to the economic policy of the next decade. Before 1875 every one, Tory, Whig or Radical, was an individualist. Since 1875 every one, Conservative, Socialist or Liberal, has been a collectivist. And if National Government had never been dreamed of, 1934 would have found all three parties, with variety of emphasis but no essential division of opinion, committed to the public corporation as the basic principle of reorganization.

In the House of Commons the scores of young Conservatives who, often to their own surprise, were returned in 1931 to represent industrial or mining constituencies, are as ready for reconstruction, provided that it is not linked with the class war, as the most advanced Socialist. If the government in the coming sessions does not allow the tremendous problem of India (which no merely party government could solve) to distract it altogether from reconstruction, the end of its five-year term should see an offensive against "the long-term crisis" as convincing as that which has already turned "the short-term crisis" of 1931 into a half-forgotten nightmare.

Starhemberg's Power in Austria

By Emil Lengyel*

Around the person of Prince Ernst Ruediger von Starhemberg, Vice Chancellor of Austria and leader of its Fascist home guard (the Heimwehr), his followers have built a legend, while his political opponents speak of him as extremely *borniert,* that is, of limited mental capacity. All agree, however, that without him Austria's contemporary history would be entirely different. His life story may be accepted by historians as evidence that an obsession may on occasion move the stars.

In the triumvirate which rules Austria, Chancellor Engelbert Dollfuss has political ability and native intelligence; Minister of Security Emil Fey has a strong will and ruthlessness; Prince Starhemberg has none of these characteristics to such a large degree, but he has fixity of purpose. Nevertheless, it is his Austria that is a living reality today and his obsession that created the new State.

Vienna's Spiessbuergers expressed a profound truth when they said of Starhemberg: "The young Prince is marching against the Vienna cafés at the head of the patrons of the village taverns." Although he knows the highways and byways of Vienna, he does not know Vienna's soul—its peaceful ways and progressive cosmopolitanism. His simple mind is baffled by the complexity of the metropolis, and he reacts to it with violent hatred. Nor does he know anything about socialism, which explains his excessive hatred of the Marxian creed. He could have easily convinced himself of the efficiency and honesty of the Socialist city government of Vienna, but he did not care to complicate his life by trying to disprove fundamental beliefs. If he had made an effort to get rid of his obsession, he would not be the famous man he is, and his ambition is as boundless as the universe.

It was in the castle on Efferding on the Danube, a few miles out of Linz, the capital of Upper Austria, that Starhemberg was born about thirty-five years ago. In his childhood and as a youth he was surrounded by memories which reached back into the early Middle Ages. In the principal room of the castle the place of honor was occupied by the forbidding likeness of an ancestor of his, Count Starhemberg the "Turk-beater," who in 1683 defied the Grand Vizier Kara Mustapha Pasha.

On the Starhemberg family, tradition had a strong hold. Yet Ernst Ruediger's parents despaired of their son's chances to rededicate the Toledo-made sword of the ancient house to a new victory. In the reign of Emperor and King Francis Joseph the world seemed to have gone to slumber, and for heroism there was no market. The so-called "new era" and its democracy were the bane of the family.

In Upper Austria the Starhemberg family had enormous estates, and scattered all over the Austro-Hungarian Monarchy they were said to have more than a score of castles. Hundreds of

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servants lived on these estates, wearing the princely colors, and snapping to attention every time a member of the family passed by. The Princes were kind and treated their servants with as much solicitude as if they had been their serfs. Ernst Ruediger often heard his elders hold forth at the family dinner table about progress, which they called an insult to God, and about socialism, which was high treason to them.

With the outbreak of the World War, hope would have beckoned to the Starhembergs to increase their collection of laurels if Ernst Ruediger had been just a little older. He became of military age only when the war was nearly over, and then, too, he was sent into the hinterland. He was tall and slender, his face a joy to look at. He tried to look very masculine and in order to emphasize his manly virtues he liked to use *"Kraftwoertcr,"* strong words not meant for ladies' ears.

When the débâcle came sadness settled like a heavy fog on the Starhemberg castles. Vienna, which had been hastily vacated by Emperor Karl, was in the hands of enemies worse than the Turk. They were the Social Democrats, who appeared to him as the wreckers of the civilization his ancestor had saved. The mother of the Prince was a member of the Christian Social party, enemies of socialism, and she even became one of its Vice Presidents. Both she and her son were hundred per cent *schwarz-gelb* (black and yellow), the colors of the imperial banner. They decided that if the Socialist menace was to be banished, the Habsburgs had to be brought back.

Meanwhile, however, what was a young Prince to do in a republic run by the common herd? He decided to set out on a trip of adventure, offering his sword to the champions of noble causes. Not far from his native village was Germany, where a nation was making ready to come to grips with fate. In 1921 Prince Starhemberg was a member of the irregular bands trying to snatch Upper Silesia from the Poles. Two years later he was in that Mecca of the reactionaries of all countries, Munich, drinking in the words of a countryman of his, Adolf Hitler, bent on saving Germany from socialism, pacifism and democracy. The young Prince joined the Hitler forces, and we are told that he took part in the beer hall putsch, which was to result in a march on Berlin.

After Hitler's failure, Starhemberg returned to Austria, disappointed but not dismayed. He now turned to his own estates and began to drill his hundreds of servants. Such private armies were very much in vogue in those days throughout the German-speaking lands. A few years before Tyrol had formed the Heimwehr as a protest against the transfer of South Tyrol to Italy. At about the same time Carinthia, which was to decide between Austria and Yugoslavia at a plebiscite, had formed the Heimatschutz for the protection of her interests.

Starhemberg was inspired by these examples. But now that Mussolini was Italy's master and Carinthia had gone Austrian, the home defense guards, the Heimwehr, had to dedicate themselves to some other cause. Vienna was run by the Social Democrats and the young Prince decided that they were an international danger. His obsession was taking shape. Since he had much money and spent it lavishly, the Heimwehr gradually came under his influence. Under the influence of his mother he turned his back on Germany and once more became a Legitimist. He liked to hurry to Vienna, and there to sit down to a few bottles of champagne, weaving endless plans of plots to bring back young Prince

Otto to the throne of the Habsburgs.

The world was getting ready to forget Starhemberg when, in July, 1927, Vienna had a bad fit of nerves, after a mob had set fire to the law courts in revenge for what its leaders called a "reactionary miscarriage of justice." The Social Democrats were blamed for this riot and the newspapers of the extreme Right uttered shrieks of dismay, demanding the extermination of "Austrobolshevism," by which they meant socialism. Starhemberg was going around the country, telling the peasants what hideous persons the Social Democrats were. He now devoted all his time to organizing the reactionary forces throughout the republic. So great was his zeal that he was forced into bankruptcy as a result of his lavish expenditures for the Heimwehr.

He had to find now a saving angel. What was more natural than to try to find a way to the heart of Mussolini, also a hater of Socialists? After their first meeting in the Palazzo Venezia several more interviews took place. Soon large shipments of arms and munitions were rolling into Austria, consigned for the Heimwehr. These shipments, which originated in Italy, were disguised as "scrap iron" and "machine parts."

As Mussolini's *homme de confiance,* Starhemberg's reputation increased rapidly, and so did his self-confidence. Now he thundered against the "red rascals of Vienna" in small country papers. He had to be taken seriously, because he took himself in such deadly earnest. When Karl Vaugoin, known as the *"Sozifresser"* (Socialist eater), became Chancellor of Austria in the Autumn of 1930, he took the young Prince into the government as his Minister of the Interior.

With all the unthinking fervor which is characteristic of him, Starhemberg set out on his anti-Socialist campaign. At first he made an effort to dislodge the enemy by constitutional means, and the defence organization of the Social Democrats, the Schutzbund, began to feel his heavy hand. Inspired by the example of Prince Metternich, whose post-Napoleonic reign of terror was the delight of his early youth, he tried to transform Austria into a "police-State." The political department of the police was strengthened, the Social Democratic press was harassed, and the radical leaders were shadowed. The Social Democrats resisted, and Starhemberg decided to change his tactics. He was now to plot against the régime of which he was expected to be a pillar.

On an Autumn day ten trainloads of Heimwehr troops were awaiting their transfer from Graz to Vienna, where they were to occupy the City Hall, the telephone and telegraph centrals and government departments. It was at that juncture that a strange event took place. The acting Police Commissioner, Herr Pamer, took matters into his own hands, thereby violating the rules of his office. He called out the entire police force, occupied the railway stations and other strategical points, and defied his own Minister. The Prince was so greatly incensed at his subordinate's conscientious performance of his duty that he had him removed from office.

Austria now saw what an anomaly it was to have a man in the government of which he was an enemy. The electorate passed an unfavorable judgment on the Prince by sending the Social Democrats to Parliament as its largest body of Deputies. The country gave the Heimwehr, which by that time had entirely fallen under Starhemberg's domination, only about 5 per cent of all the votes cast. After

six weeks in the Ministry of the Interior, Starhemberg had to vacate it. He now decided to achieve his purpose unconstitutionally, regardless of the consequences.

The coup which his Heimwehr attempted next year (1931) was meant to succeed even at the cost of bloodshed. He deemed himself too young yet to step forward as the Heimwehr dictator of Austria and so he delegated an elderly gentleman, Dr. Walter Pfrimer, to be the dummy dictator of the country. The revolt started in Styria and it was a great success, so far as the vaudeville stages were concerned. The army surrounded the Heimwehr troops, who submitted without as much as a show of force. There was a comic opera trial, at which Prince Starhemberg, the "master mind" behind the putsch, was acquitted without his being present. Austria laughed, but Premier Mussolini's brows were contracted in an angry frown.

Prince Starhemberg would have died a moral death in a flood of ridicule if he had not been revived by the Third Reich. Now Adolf Hitler, his former idol, became an enemy. It was not difficult to convince the Austrian country people what a dangerous man the Nazi chieftain was. It was even easier to convince the Austrian politicians that they would have signed their death warrant by going over to the Nazis. The persecution of the Catholics in the Reich naturally antagonized the common people, and the avowed aim of the Hitlerites to annex Austria to Germany and to fill the principal offices with Prussians and Bavarians antagonized the politicians. At times rumors reached the world of the Prince's negotiations with the Nazis. One of his underlings, Count Alberti, was arrested by the Vienna police at a Nazi secret conference. Yet Starhemberg stoutly maintains that, neither directly nor indirectly, did he have anything to do with the Hitlerites.

The funds that came from Italy enabled the Prince to build up his Heimwehr forces to a strength of 100,000 men—four times greater than that of the Austrian regular army. At the head of the republic now stood Chancellor Engelbert Dollfuss, peasant-born, not particularly pro-Habsburg, fairly democratic and not anti-parliamentarian. For a time his rise to power seemed to be the symbol of radical changes in Austria. As an expert on agricultural matters his rise was in line with the rise of the village population as the ruling power in the country.

Chancellor Dollfuss joined forces with Prince Starhemberg. Since the Chancellor was not a reactionary, while the Prince was openly a Fascist, the question has been asked, What is the explanation of this unnatural alliance? Political arithmetic would have demanded that the Chancellor join forces with the largest party in Austria, the Social Democrats, who were anxious to help him chase the brown wolf from the door. Such an alliance would have united behind the Chancellor nearly 90 per cent of the entire electorate of Austria. Why did Dollfuss, a shrewd politician, prefer the alliance of Prince Starhemberg, whose Heimwehr represented only 5 per cent of the population in Parliament? The answer is that the problem of Dollfuss's alliance was not decided in Austria but beyond its confines. The decision was made by Mussolini, who financed the Heimwehr.

There was another strong argument for a Fascist orientation and Prince Starhemberg's lieutenants made the most of it. They pointed to the map and showed that, with the exception

of Switzerland and Czechoslovakia, every one of Austria's neighbors was either a Fascist or a semi-Fascist State. How could a little country, like Austria, remain democratic, while her powerful neighbors, Germany and Italy, had turned their backs on democracy?

Prince Starhemberg's rôle in the events of February, 1934, when the Fascist Heimwehr, supported by the police and the army, made war on Social Democrats, as well as on their wives and children, is too recent history to need retelling. Recently, however, Starhemberg himself admitted to a correspondent of the French weekly, *Vu*, that it was he who started the civil war in Austria. His story was that he had got word from the Socialist camp that the Social Democratic Schutzbund was preparing to launch an offensive against the Heimwehr on Feb. 13. On the eve of this alleged offensive, Starhemberg's men raided the Social Democrats' headquarters in Linz, searching for arms. The Social Democrats resisted the illegal search and there was bloodshed. News of the Linz events spread to Vienna, where about 5,000 Social Democrats rose against the Heimwehr terror.

Although Prince Starhemberg was probably the "master-mind" of the civil war, the actual operations were largely in the hands of the Vice Chancellor, Major Emil Fey, a perfect specimen of the ruthless soldiery of Austria's pre-war army, the type that considered duty above all, especially if it enabled them to gratify their sadistic lust. Yet in the scramble that ensued after the carnage in Vienna, Prince Starhemberg prevailed against Major Fey, who had to submit to the Vice Chancellorship being taken from him and given to the Prince. The Vienna cafés were buzzing with rumors—probably better substantiate most Vienna café rumors are—Starhemberg had not been elev his high position he would ha his Heimwehr against the Ch in a life-and-death struggle control of the State.

What is the policy of the m looms so large in Austria's p day history? Prince Starher obsession was gratified. The Democrats are crushed, for th at least. He now proclaims hi proud "Austrofascist," whose goes out to the Corporate Sta when asked about his ideas of t porate State, he is vague.

Starhemberg is a monarchi though his zeal for Habsburg r tion seems to have abated since become Vice Chancellor. But h wants to repeal the law confis the Habsburg property in Aust was prominent among those wh a warm welcome to Archduke E the first member of the former rial house to return to his nativ At the same time Starhemberg izes that foreign policy compl the Habsburg problem. The burgs themselves may want to twice before they jump, in the that by becoming the rulers of country they may jeopardize chances of becoming the master large empire in the not too d future.

Whatever fate the future ma hold in store for Prince Ernst diger von Starhemberg, his pla history is assured. It was his obse that was mainly instrumental i destruction of one of the most ho experiments in self-government cared nothing for the life and h ness of hundreds of thousands, f is consumed by an ambition w may keep on driving him into nev ventures and new tragedies.

Japan's Drive for World Trade

By F. R. Eldridge*

All over the world manufacturers and merchants are in a state of increasing alarm over the inroads that Japanese goods are making in all markets. Trade barriers are, in consequence, being raised everywhere, and anti-dumping legislation is being enforced in an effort to stem the rising tide of Japanese merchandise.

Consider a few examples. Bicycles made in Japan are being laid down in England to sell for $5 that compare favorably in appearance with English-made bicycles that sell for half as much again. Japanese rubber-soled shoes can be landed in the United States ex-duty for 6 cents a pair, and even after the duty is paid can be sold for 35 per cent less than American-made shoes. Japanese-made electric light bulbs sell in our 10-cent stores. They do not last as long as the more expensive American-made bulbs, but millions of them are being sold every year. The United States bought $788,240 worth of Japanese toys in 1932, and since the boycott on German goods has been instituted in this country, our imports of this item have nearly doubled. Japanese-made chinaware and pottery can be sold in America all the way from 50 to 60 per cent cheaper than the American-made product.

Within two years Japan's exports to British India and Dutch India each increased by about 94,000,000 yen—90 per cent in the case of British India and 150 per cent in the case of Dutch India. To Great Britain the increase was 60 per cent; to Egypt 150 per cent, to the Straits Settlements 140 per cent, to Australia 190 per cent, to France 140 per cent, to the United States 16 per cent, to Central and South America 250 per cent. To only two countries—China and Canada—did Japanese exports decline during the past two years.

During January, 1934, Japan exported 128,288,000 yen worth of goods of all descriptions. This was exactly 20,879,000 yen more than was exported in January, 1933. The total for the year 1933 was 1,861,045,000 yen, which was 451,000,000 yen greater than for 1932 and 714,000,000 yen greater than for 1931.

Before we try to discover the secret of Japan's ability to compete successfully with manufacturers of all nations in practically all markets of the world, let us look at some more figures. The three most important items among Japan's exports for January, 1934, were cotton tissues, 28,808,000 yen; raw silk, 21,474,000 yen; silk tissues, 11,429,000 yen. The total of all exports was 126,524,000 yen, and with the addition of re-exports, 128,288,000 yen. Thus it will be seen that practically 30 per cent of Japan's exports consisted of cotton and silk tissues. Of the remainder not over 20 per cent were raw materials. The balance of 50 per cent consisted of a variety of fabricated articles into whose production

*A previous article, entitled "What Japan Wants," by Mr. Eldridge, who is Professor of Foreign Trade at New York University, appeared in the May issue of this magazine.

human labor enters in greater or less degree.

How this labor is organized, how the men and women who make the wide variety of things which Japan exports live and work—that is the key to Japan's success as an exporting nation. England has been called a nation of shopkeepers. Japan is a nation of workshops. The great majority of these miscellaneous goods are not made in great factories. Industrially Japan has scarcely emerged from the household stage of industry. The only large factories are the cotton and rayon mills. Practically all the other commodities which Japan exports are turned out in small workshops. There are hundreds of these small workshops in Tokyo and thousands in Osaka. Electric power is cheap and plentiful, supplied by the great turbines harnessed to Japan's torrential, mountain-fed rivers. Japan's workers, some highly skilled, are paid less in yen (worth 30 cents) than America's are paid in dollars. Machinery is surprisingly up-to-date, although if examined closely it will prove to be a faithful imitation of Western models whose makers have failed to protect their patent rights in Japan. The buildings in which the goods are manufactured are often nothing more than rough sheds, although there are many exceptions, such as the modern factory buildings of the Tokyo Electric Company, controlled by General Electric, at Kawasaki, in which electric light bulbs are made, and the Shibaura Works in Tokyo, also controlled by General Electric, which turns out electric motors.

Many exported products, however, such as pottery, toys, knitted socks, straw braid, jewelry and umbrellas, are practically all farmed out to households in the towns and villages of the interior. An entrepreneur in Osaka or Tokyo will receive an order from one of the large exporters, with branches overseas, buy the raw materials and take them to one or more villages where the headmen undertake the responsibility of seeing that the samples are copied exactly and that the products are ready by a certain date. This does not lend itself to regularity in style, and on large orders foreign buyers still complain of many variations from sample, although the government has established an inspection service to insure standard quality.

Some industries are confined to narrow districts generally because of the fact that the raw materials can be best grown in those particular parts of Japan. This is true of menthol crystals, camphor (all of which comes from Formosa), insecticide flowers and tea. Raw silk, while produced in practically all parts of the main island of Hondo, also has its districts noted for quality, such as Shinshu, where a variety of conditions, including the quality of the mulberry leaves on which the silk worms feed, the favorable weather for breeding silk worms and the skill of the girl reelers combine to create a standard of excellence by which all other raw silk is measured.

The great majority of the workshops in which Japan's exported goods are made are family-owned. Many of them are partnerships. Few of them are affected by labor troubles, for migratory workers are not common. The worker looks upon the owner as the head of an industrial family. If business is slack and workers must be laid off, custom demands that they receive from six months' to a year's pay. Even the larger textile mills adopt this paternal attitude toward their workers.

The reasons for Japanese individual industrial success are, therefore,

many and varied—cheap and plentiful power, cheap and relatively efficient labor, adaptability in the use of modern machinery, low overhead in cost of plant and buildings, the use of the household system in many items of export entirely eliminating factory overhead, effective localization of industry in other items and a general minimum of labor troubles because of the intimate paternalism still possible under small units of production.

Of all these factors the cost of labor is the most important. It is due to the relatively simple existence to which the Japanese are accustomed. A Japanese family is able to subsist on a diet of rice and fish, with a few vegetables. Soya bean curd furnishes the necessary protein in the diet which American and some European workers find in a much more expensive meat diet. Food comes to the Japanese worker cheaply, because it comes directly from the soil and the sea. Under an economy based upon a meat and milk diet, Japanese living costs and hence Japanese wages would be much higher. For about $12 a month a family of five can rent a house of three or four rooms with a garden in the suburbs of Tokyo or Osaka. The sitting room is converted into a bedroom for the whole family simply by spreading thick quilts on the matting-covered straw-stuffed mats. Furniture is conspicuous by its absence. No "flivver" stands before the door. A good silk kimono for dress occasions will last a lifetime. Broadly speaking, the Japanese pay in yen the same prices that we pay in dollars for most of the things they buy, and the per capita demand for those things is about half of ours.

It is thus quite meaningless to use the measuring stick of the wage level alone in attempting to analyze Japan's comparative advantage in industrial labor costs. Because a male worker in a textile mill in Japan receives only 58 cents a day, that does not mean that he lives in the same way that a workman on such a daily wage would live in the United States or in many industrial countries of Europe. It is what the wages will buy in terms of the accustomed comforts of life in each country that should be considered. A Japanese worker can live just as happily and comfortably as an American workman who receives six times his wage.

It is not only in cost of production that Japan has an advantage over her competitors. Japan has striven to expand her export business with more thoroughness and intensity than has any country, with the possible exception of pre-war Germany. Through such novel devices as her "floating marts" small individual exporters have an opportunity of penetrating beyond the primary marketing centres in the Dutch East Indies, the Near East and South Africa. While the large merchant houses concentrate on distribution through branch organizations in China, the United States, Australia and India, where their selling costs are reduced by their utilization of the same overhead for the buying of raw materials as well as the selling of manufactured goods, the small merchants use such facilities as permanent trade exhibits in places not so effectively covered. Japanese trade delegations travel over South America gathering samples of what the markets demand and booking orders.

In this manner Japanese factories and workshops have kept busy, and the increased production on lowered overhead cost per unit has given Japan an additional advantage. Last year, with 8,000,000 spindles, Japan equaled England's export of 2,000,000,000 yards of cotton goods, al-

though England has 50,000,000 spindles. Japan's spindles were working full time, while only one-sixth of England's spindles were busy. With population constantly pressing upon food supply in Japan, competition among individuals remains keen. Japan's economy is frankly capitalistic. There are no soft, socialistic cushions. It is not a surplus economy such as ours. It is a scarcity economy, and hard work is the rule and not the exception. Japan has no income from huge overseas investments such as enables England to support millions on the dole.

During the worst phase of the depression Japan was aided in her export drive by the reimposition of the embargo on gold exports in November, 1931, shortly after Great Britain went off gold. The embargo on gold had been lifted in 1929 to enforce deflation in the Japanese price level. When it was reimposed the exchange value of the yen declined and the domestic price level rose. The net effect was to lower the external commodity price level in terms of American money from 116 (1913=100) in November, 1931, to 64.5 in February, 1933. During the same period the internal American price level fell from 85.5 to 67.7. On the same basis the Japanese export commodity price level was 91.8 in April, 1933, (1913=100) as measured in sterling, as against an internal British commodity price level of 87.9. It was not by "exchange dumping" that Japan's exports were favored but by the fact that raw materials bought with a high yen in 1931 were being sold with a low yen as fabricated materials during 1932 and 1933. Already such stocks of raw materials are now being replaced with raw materials bought with the same low yen in which they are sold. Japanese prices of exported commodities have consequently stiffened and the trade drive is showing the effect in a slackening of its intensity.

The result of Japan's invasion of the erstwhile trade preserves of Great Britain, not only within the British Empire but also in Latin America, in competition with domestic industries there, in the Dutch East Indies, in competition with home industries in Holland, and also within the trade preserves of Italy and France, has been to raise barriers against the importation of the goods in which she specializes. The effect has been to emphasize the tendency toward economic nationalism. Japan's only weapon is her heavy purchases of raw materials, such as raw cotton from India, wool from South Africa and Australia, wood pulp and lumber from Canada, rubber, raw sugar and mineral oils from the Dutch East Indies, hides and skins from Argentina, nitrates from Chile and a long list of other imports. The total of these imports exceeded Japan's exports in January, 1934, by 16,544,000 yen, and they were bought very largely in the same countries to which Japan sells and by the same Japanese organizations in each case. For this reason, a large and growing body of Japanese industrial and commercial opinion is coming to favor a freer and more unrestricted international trade.

As long as Japan maintains a definite cost advantage in the production and export of the long list of items in which she has shown the ability to compete, it is going to be difficult for the home countries to build barriers against her goods in the colonies without arousing some feeling among the consuming population of those colonies. This difficulty has already been demonstrated in India, where the matter of restrictive quotas on the imports of Japanese piece-goods had to be compromised because of Japan's

threatened embargo on India's raw cotton. Australia, fearful of losing a profitable market for her wool in Japan, is moving cautiously in applying anti-dumping duties against Japanese imported goods. A conference is now in progress in Batavia, where the Dutch Government is confronted with the same delicate problem.

In all these negotiations Japan can be expected to exact the very last concession which the growing power of her purchases of raw materials has given her. In those countries, such as India, where the hold of the mother country is more tenuous, she is likely to come away with the best bargain. In other colonies, where ties of blood are closer, as in Canada, her trade has shown an actual decline in the past three years. The trade battle between the home country and the newcomer is no less bitter, because it is in many instances a three-cornered fight involving also the industrial future of the colony itself.

In neutral markets, such as those of South America, the resolve of such countries as Argentina "to buy from those who buy from us," is militating against Japan's sales as effectively as it is cutting into ours. Under a strict parceling out of exchange to importers in accordance with the purchases of the selling country, Japan has been hard put to it to augment her purchases from many Latin-American countries where a brisk demand for her goods exists if the exchange with which to pay for them were released. In certain responsible Japanese quarters it has even been suggested that as the United States buys much more from Brazil than it sells to Brazil, and sells more to Japan than it buys from Japan, a three-way reciprocal arrangement could profitably be made between the three countries whereby Japan could obtain payment, through excess purchases by the United States from Brazil, for her excess sales to Brazil.

Japan is undoubtedly going to use every weapon at her disposal to maintain her freedom to trade throughout the world on a scale as great as, if not greater than, ever before. Great Britain, Italy, Germany, Holland, Belgium and other industrial countries of Europe have never yet been faced with a competitor so formidable. So far the United States has not been greatly affected. Only 5 per cent of our total imports of $128,421,000 from Japan in 1933 were within the competitive field. In this respect we are fortunate, for many other industrial countries of the world are going to find Japanese competition, aided as it has been by a Spartan simplicity in mode of living, more difficult to contend with than they imagine.

British West Indian Aspirations

By W. Adolphe Roberts*

A profound impulse toward self-government is crystallizing in the British West Indies today. For the sake of simplicity, British Guiana, on the South American Continent, and British Honduras, in Central America, are grouped in the general term "West Indies," though "British-American Tropics" would be more accurate. The six insular units are Jamaica, Trinidad and Tobago, Barbados, the Windward Islands, the Leeward Islands and the Bahamas.

All these Crown Colonies are ruled by Governors acting for the Colonial Office in London, with the advice of partly representative Legislatures, but many of the young generation feel that the day for this form of tutelary government has passed. Their demands are far from revolutionary, or even modern. One hears no talk of socialism, bolshevism or the Corporate State. Labor itself is unorganized, except in Trinidad. All that is demanded is the setting up of primary democratic institutions and the building of a political future within the framework of the British Empire. This idea already has majority support in Trinidad; in the other colonies it is advocated by a growing minority.

No single territorial plan is as yet generally agreed upon. The reformers in each colony talk of local self-rule, though it is realized that, with the exception of Jamaica, each is too small or too thinly populated to justify recognition as a permanent State. A union of all the West Indian colonies, with Dominion status as the goal, is favored in some quarters. Others wish to begin by grouping two or three colonies and eventually federating them. Annexation to Canada also has its advocates, who propose that the West Indies be admitted as a full-fledged province of that Dominion. Absorption by the United States, in a deal for the cancellation of war debts or otherwise, is occasionally discussed.

The greater historical and commercial importance of Jamaica is offset by the fact that Trinidad is at the present far more self-conscious politically. This colony, which includes the small island of Tobago, has an area of barely 2,000 square miles, and its social problem is one of the most curious in the American tropics. One-third of the population of 400,000-odd are East Indians. Most of the remainder are Negroes, with a small minority of British, French and Spanish Creoles, Portuguese and Chinese. The Indians are descendants of indentured laborers, imported by the government in the second half of the last century. Many accepted a cash bonus after their terms of servitude had expired and became freehold settlers. They proved fully as prolific as the Negroes, with whom they have kept pace numerically, if, indeed, they have not gained upon them.

The East Indian, however, is not aggressive in public concerns, and the movement toward self-government in

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Trinidad is an affair of white and colored Creoles, based largely upon the Workingmen's Association, a labor group with about a hundred branches throughout the colony. Its leader is Captain Arthur Andrew Cipriani, a white of Corsican origin, closely related to the Bonaparte family, who is Mayor of Port of Spain and also that city's representative in the Legislative Council. A cocoa planter and auctioneer, he accepted the presidency of the Workingmen's Association shortly after his return from the World War. His contingent of Trinidad volunteers had been attached to the Egyptian Expeditionary Force, and had served under General Allenby in Palestine. The war may be said to have made him politically. It produced, as wars are likely to do, a radical rather than a conservative.

Though belonging to the dominant race, Cipriani adopted the cause of a labor body composed almost entirely of colored men, launched a drive which enormously increased its membership, and in 1925 went to the Legislature as its representative as well as an advocate of local self-government. His labor policies are supported by the other elected members of the Legislative Council. His leadership of the campaign to end the Crown Colony system is recognized all over the eastern zone of the Caribbean. Here is no secessionist, but a democratic statesman of the type that the British would take as a matter of course in the Dominions.

The Trinidad nationalists contend that the existing form of government is archaic, that it favors a small class of civil servants appointed from England, and that it gives no opportunity for those most familiar with local needs to bring about reforms. The packing of the Legislature against the people's representatives — heavier in Trinidad than in some Crown Colonies—causes resentment. There are thirteen official members chosen by the Governor from among the various heads of departments, and thirteen unofficial members, of whom six are natives nominated by the Governor and only seven elected by popular vote. The first group automatically votes with the Crown, and is usually supported by the six nominated members. Even were the unofficial members to stand solidly on some issue, little could be accomplished. The tie could be broken by the Governor, who combines in his person the functions of Chief Executive, Premier and Speaker of the House.

Within the past five years agitation has produced bills to ameliorate the condition of agricultural workers, a move on the part of the City Council of Port of Spain to establish municipal ownership of light and power, and a petition to London for self-government. But action upon all these matters has been delayed. The nationalists claim that their case is put to the Colonial Office in the worst possible light by the Trinidad Crown Colony officials. It has been impossible even to get a law permitting the forming of trade unions. On the other hand, the government forced through a bill legalizing divorce, though this was opposed by the elected members on the grounds that the country was predominantly Catholic and did not want divorce, and that such legislation should originate locally rather than in London.

Jamaica is in a different and more advantageous position than Trinidad. The island is as large as the State of Connecticut and has 1,250,000 inhabitants. Its material resources are relatively very great. Its population is preponderantly Negro, with a leisured class of whites and half-breeds.

It is in every way equipped either to stand alone politically or to become the cornerstone of a federation. Furthermore, the issue of self-government there is not a ripening but a renascence.

A hundred years before the American Revolution Jamaica had won the right to make her own laws. Civil government, with a Constitution, was set up by the early colonists in 1661. Charles II approved the system in 1680, but asked for a permanent revenue to the Crown. This point was bitterly contested until the year 1729, when the Jamaica Legislature agreed to an annual grant of £8,000, with the proviso that the total amount was to be spent in the colony. In consideration of this, the legality of all previous acts was recognized by royal proclamation. The Governor General and his appointive Executive Council became the sole links with the Crown. The popularly elected Assembly functioned with as much freedom as that enjoyed by a Dominion Parliament today.

In 1865, however, following a rebellion among the lately liberated slaves, the dominant planter class became alarmed and voluntarily surrendered the Constitution in return for the prestige of English rule. The Assembly voted itself out of existence. A Crown Colony was established, with a Governor who acted also as Premier and Speaker.

The Legislative Council now has five heads of departments as ex officio members, ten members nominated by the Governor and fourteen members elected by the people. This results in a majority for the Crown less overwhelming than in Trinidad. The Governor holds the balance of power, nevertheless, and many Governors have used it freely.

Accepted at first as a happy compromise, the system soon had opposition. Protests flared up sporadically. In 1900 the people's representatives left the Council chamber *en masse* and allowed the government to pass certain measures affecting taxation without their presence—much less their votes. Other gestures of the kind finally induced the Colonial Office to send out a commission in 1921, which recommended a slight extension of popular rule. The concessions offered were so trivial that they were rejected by the elected half of the Jamaica Legislature, and the agitation for complete self-government continued.

There is no labor movement in Jamaica and little tendency toward radicalism of any sort. The Negro, Marcus Garvey, a native of the island, returned there in 1929 after he had served a prison term in the United States for swindling investors in his grandiose commercial schemes for members of his race, and tried to start a semi-revolutionary party. He nominated a full ticket for the Legislative Council, headed by himself, and conducted a hot campaign. He failed to win a single seat. He has since been elected to the City Council of Kingston, but his following has dwindled, and he is no longer regarded as a serious influence throughout the colony.

In the Windward and Leeward Islands, the movement for self-government is political, with the social, or labor, element negligible. These two confederations consist of a number of very small islands, the largest of which, Dominica, is only 291 square miles. They have a complicated system of administrators and councils for each island, with a Governor and general legislative council functioning at Antigua for the Leewards and at Grenada for the Windwards. The duplication of civil service jobs with high-sounding titles is fantastic. There are more Colonial Secretaries, Attor-

neys General and Chief Justices than one could shake a stick at. Yet the combined area of both confederations does not quite equal that of the State of Rhode Island. The best jobs provided by the expensive machinery of the midget governments are held by Englishmen, and thinking young natives have begun to demand at least the right to vote upon whether this state of affairs should continue.

The Windwards and Leewards frankly want union with Trinidad, so as to be part of a colony large enough to make itself heard in empire parleys. Two years ago T. A. Marryshow, a people's representative from Grenada, circularized members of sister Legislatures in an effort to bring about concerted action. In 1932 the Dominica Council voted its approval of the proposed union, demanding a government responsible to a popularly elected Federal Legislature. In both Grenada and Dominica, politically the two most progressive of the Lesser Antilles, the unofficial members of the local Councils have marked their disapproval of the Crown Colony system by walking out of the Council room in a body, the only effective means of protest at their disposal. The Colonial Secretary responded, in September, 1932, by appointing a commission to study the matter; its findings are not known beyond the fact that it favors a loose form of federation.

Political developments in British Guiana, British Honduras, the Bahamas and Barbados are less striking. Captain Cipriani of Trinidad claims that the self-government faction in British Guiana is solidly behind him. British Honduras, however, is dominated economically by timber interests operating with English capital, and although there is persistent talk among the native-born of the desirability of union with Jamaica, the managers for the timber interests a favor of Crown Colony rule. Th hamas seem at present to be concerned with enlarging their t trade than with anything else Barbados is very pro-British anc tent with the present Crown C régime. If a confederacy were fc Barbados might be induced to en but she would never take the initi

The hopes of the faction wants immediate union of all B possessions in the American t were vigorously expressed recent a contributor to the Port of (Trinidad) *Gazette*. He wrote, in as follows: "It is a pity that som does not plainly state that the B West Indies are looking neither t nexation to the United States n corporation with Canada but are ing to build up a confederacy of own under a Governor General a Ministry responsible to a West I Parliament. We shall achieve it some day if we work hard and a same time patiently. Even Ja may yet come in. There is a pa Jamaica which thinks with the pa ism of the parish pump, but ther larger party which does not, an may yet see an Imperial Confe sitting in London including repr tatives of the Confederacy of the ish West Indies. What matter i Governor General lives in Jamaic the House sits there and the u sity is there—if confederation c along! Or we can do as others done, and compromise on one o smaller islands as the seat of go ment. Any way, the main point i to forget what we are all out for that is Dominion status within King's empire. Without confeder we cannot attain it. America and ada are well enough content to with us and escape the responsi of administration."

Canada, no doubt, is scarcely more anxious than the United States to absorb territories with 2,500,000 inhabitants, the great majority of whom are Negroes and Asiatics. Some ten years ago Canada made a trade agreement with these tropical colonies by which the Dominion gives preferential treatment to imports of their products. She also voted a government subsidy to a line of steamships running from Halifax to the Caribbean. These measures have greatly increased Canada's trade with the islands, and she would rather go no further, in order not to add to her own political problems.

Among those who have suggested annexation is Lord Willingdon, who visited the West Indies in 1930 while he was Governor General of Canada. On his return he said that the West Indies were looking to Ottawa and not to London for encouragement. "Would it not be a fine thing if Canada could take over the responsibility for the future of the British West Indies from the British Government?" he asked. Neither Canada nor the West Indies proved responsive, and Mackenzie King, then Prime Minister of the Dominion, dismissed the suggestion as "a personal expression in the nature of a prophecy." Lord Willingdon was promoted to India as Viceroy, and his scheme was largely forgotten.

Although public opinion in England is not unfriendly to self-government for the colonies in tropical America, it is disposed to reiterate that they are "not ready for it," as Sir Algernon Aspinall, secretary of the West India Committee in London, a semi-official, semi-commercial body, said in January. Thoughtful persons in Jamaica and Trinidad, however, assert that they are conscious of no unreadiness or incapacity, and that they are merely waiting for a favorable moment to press their claims with the Colonial Office.

Uruguay's Quest for Social Welfare

By JOHN W. WHITE*

THE republic of Uruguay more than a quarter century ago began the creation of a new social order within its borders. Based on the ideal that all citizens should be employed by the State during their productive years and thereafter should be cared for at public expense, the experiment made Uruguay one of the world's important laboratories for social and political study. In this rôle the country has occupied a position of leadership out of all proportion to its size, population and wealth.

With an area of 72,153 square miles and a population of 1,941,398, Uruguay is the smallest of the South American republics. Because its life for nearly thirty years has been orderly and peaceful it has not attracted the attention to which it is entitled by its progressive people and its highly advanced institutions and legislation. This comparatively long period of quiet and progress resulted directly from the Uruguayan social system. So many were employed by the State, or enjoyed short hours and high salaries because of the government's social legislation, that it was impossible to organize a revolution. It is significant that the *coup d'état* of March, 1933, came not from the people but from the President, whose powers had been so restricted that he was little more than the chairman of a commission. The nation's commercial, cultural and industrial activities, from the operation of a cabaret to the running of railroads and the selling of life insurance, had been in the hands of the National Administrative Council of nine which shared executive powers with the President.

Government ownership was only one phase of the social program. Uruguay was the first South American country to separate Church and State, to abolish capital punishment, to legalize divorce, to enfranchise women, to establish the eight-hour day and a minimum wage law. Moreover, the republic was the first country to grant legal status to illegitimate children.

This far-reaching program expressed the hopes of former President José Batlle y Ordonez, whose motto was: "The easing of human suffering." For thirty years he dominated the republic politically as chief of the Batlle (pronounced Bah-zhi), or Colorado party. Since his death four years ago his personality has continued to be felt through the activities of that party. Each step in government ownership and in social legislation is a numbered item on the program of the Batlle party. By 1933 forty-five of the seventy-eight items on the program had been enacted.

Besides the venture in State socialism, Uruguay experimented in government. The Uruguayan Constitution provided for the familiar system of power divided between the Legislature, judiciary and executive. The last, however, was subdivided into the Presidency, the Cabinet and the National Administrative Council. Three

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of the nine members of this council were elected every two years. Of the new members, two represented the majority party and the third that minority which had cast the largest number of votes. Of the Cabinet of seven, three—the Ministers of Foreign Affairs, War and the Interior—were appointed by the President; the Ministers of Finance, Public Works, Industry and Public Instruction were appointed by the National Administrative Council. Thus the council dominated the Cabinet through the four important portfolios which controlled revenues and distributed jobs.

Though the President was responsible for maintaining public order and national security and for conducting diplomatic relations with other countries, the Batlle party hoped ultimately to wipe out the office. The Swiss form of government was then to be established, with the president of the National Administrative Council acting as President of the republic on formal occasions, such as the reception of newly arrived diplomats. This scheme grew out of the extension of government into industry, commerce and public service. Thousands of positions were created by the government monopolies until the patronage directly affected such a large percentage of the total population that President Batlle saw the dangers inherent in the presence of so much patronage in the hands of one man. His party, therefore, led the fight for the amended Constitution of 1917 which created the National Administrative Council.

The government's activities in State ownership and monopolies are exercised through a large number of independent organizations which are administered by boards of directors formerly appointed by the National Administrative Council. These boards, as a rule, consist of nine members. In theory, each board is autonomous with full authority to collect its own revenues, control its own expenditures, appoint its own personnel, and expand or retrench its activities as seems advisable. In practice, employes of the monopolies were appointed by the majority members of the National Administrative Council as a reward for votes and party loyalty.

Through the independent organizations created by the State, Uruguay now operates nearly 600 miles of the nation's 1,800 miles of railroads, controls the manufacture and distribution of electric current, for both lighting and power, manufactures the republic's entire requirements of sulphuric acid and phosphate fertilizer, operates three banks, three hotels, two gambling casinos, two theatres and the Cabaret de la Muerte. It administers the Port of Montevideo and has a monopoly of the tugboat service, operates a telephone company in Montevideo, subsidizes a symphony orchestra, operates a radio broadcasting station and controls broadcasting from privately owned stations.

The fundamental purpose in this vast program for State ownership was to lower prices to the consumer, keep money in the country and turn profits into the national treasury instead of letting them go to private enterprise. This revenue would then be used for financing the social features of the plan—old-age pensions, free medical service, and so on.

Though government ownership and social welfare were closely interwoven in Batlle's program for a planned social State, certain social measures were enacted in 1907, five years before the first government monopoly—the State insurance bank—was established. Uruguay now has the most complete labor code in South America. It requires industrial safety devices, compensation

for workmen's accidents, chairs for both men and women laborers while at work, a minimum wage for government employes and farm laborers, an eight-hour day and a six-day week for all employes and workers, including farm laborers and domestic servants, old-age and disability insurance, retirement pensions for government employes and for workers in commerce and industry.

Uruguay's excellent public school system has made illiteracy less prevalent than in any other South American country. Public instruction, at 11,000,000 pesos a year, is the largest item on the budget after the service on the public debt. The country's free hospitals are among the most numerous and best on the continent and the Board of Public Health, an autonomous organization that is not provided for in the national budget, spends 12,000,000 pesos a year. The eventual goal is free medical care for every one. Last Winter the government supplied free medical service and food to 30,000 persons at a cost of 700,000 pesos.

The success of Uruguay's social program depended upon a nation of public-spirited men nearly as honest and idealistic as President Batlle. But politicians in Uruguay resemble those the world over, and the State proved to be an expensive administrator. Profits, instead of going into the national treasury, went in high salaries for the directors, profit-sharing bonuses for employes and other expenditures which private ownership might have been expected to avoid.

A year ago these State activities, operating with a total capital of 66,294,000 pesos, had made a total profit in twenty years of 62,111,000 pesos, of which 32,217,000 was turned into the national treasury, the balance being used to increase capital and reserve. The country's general revenues, therefore, had received an average contribution of 1,610,000 pesos per year; of this 65 per cent came from the three State banks—the Bank of the Republic, the State Insurance Bank and the National Mortgage Bank. The railroads, however, were operated at a loss and the port administration since 1916 showed a total profit of only 2,947,000 pesos. The alcohol, gasoline and cement administration, the government's most recent venture, reported a profit of 250,000 pesos in the first year of its operation.

Apparently the independent organizations which administered the State activities would have contributed much larger profits to the national treasury had they been economically operated. As it was, the amounts they added to the general revenue were infinitesimal compared with the rapidly increasing costs of government. While they were turning over to the government an annual average of 1,610,000 pesos, the cost of government increased from 44,000,000 to 100,000,000 pesos a year and the public debt from 120,000,000 to 260,000,000 pesos. President Terra reported a deficit of 21,000,000 pesos in the national budget and a deficit of 22,000,000 pesos in the independent organizations when, a year ago, he assumed the extraordinary powers with which he ruled until May 18 of this year, when he was inaugurated as the first President under the new Constitution.

Supporters of the collegiate form of government, as the old régime was known, argue, however, that profit was only one of the objects of government ownership, and that the independent organizations did succeed in giving State employment to thousands of citizens and in reducing costs to consumers. Uruguay had only 25,000 unemployed at the beginning of 1933.

Freight and passenger rates on the State-owned railroads are one-third cheaper than on the privately owned lines, and this has been largely instrumental in enabling the farmers along the State-owned lines to raise sugar beets and deliver them to the sugar mill at La Sierra at a profit.

The Bank of the Republic is operated on the idea that "the official bank must sacrifice profit to the social interest." The bank charges lower interest on loans and discounts than do the private banks and grants credits to the national and municipal governments at extremely low rates. The State Insurance Bank does 67 per cent of all the insurance business in the republic and handles its workmen's accident insurance and its hail insurance without profit, performing industrial and social functions which private companies could not undertake.

The alcohol, gasoline and cement administration lowered the price of gasoline 7-10 cent per litre and kerosene 1 cent per litre in its first year of operation. Also, it supplied 530,000 gallons of gasoline and 30,000 gallons of kerosene below cost for the government's war against locusts.

On March 31, 1933, President Gabriel Terra seized control of the government. He had been elected by a coalition, including two minority wings of the Colorado party, but the majority of the National Administrative Council belonged to the Batlle wing of the Colorado party. Though former Presidents under this form of government had shared the patronage with the National Administrative Council, President Terra found himself deprived of that power because he did not control the majority of the Council. After struggling with this situation for a year, he overthrew the Council, abolished Congress and dictated the number of members which each party could send to the Constituent Assembly which he called to draw up a new Constitution.

The new Constitution, which went into effect on May 18, abolished the National Administrative Council and established a Parliamentary government. To make room for a Minister of Labor and a Minister of Public Health, the Cabinet was increased from seven to nine portfolios. These new members will administer the nation's social code which has been embodied in the new Constitution.

Though there is a definite sentiment against further expansion of the State-owned enterprises, the existing ones are to receive full government support. Perhaps administrative changes were to have been expected. Five of the independent organizations have been placed under the jurisdiction of Cabinet Ministers: The posts and telegraphs will be under the Minister of the Interior, the railroads under the Minister of Public Works, the Port of Montevideo and the Uruguayan customs under the Minister of Finance, and the Public Health Service under the Minister of Public Health. Nor have the remaining independent organizations escaped unscathed. Their boards of directors have been reduced in size and the members are to be appointed by the Cabinet with the approval of the Senate. Moreover, under the Constitution, the activities of these directors are strictly regulated and periodic financial reports to the Cabinet are required.

Thus, though somewhat restricted, Uruguay's experiment in State socialism has survived the recent political upheaval. And even though the new Constitution radically alters the form of government, it insists that the State must "watch over the social welfare of the family."

London: A Clumsy Colossus

By William A. Robson*

LONDON can without pretentiousness or conceit claim to be the greatest metropolitan city in the world. This claim may be substantiated by a reference to its gigantic population, and justified by a unique historical record stretching back over a period of some 2,000 years. But the more fundamental reasons for the primacy of London are to be sought in a singular combination of circumstances not to be found elsewhere. London is at once the political capital of Britain and the British Empire, the legal centre, the cultural centre, and the greatest manufacturing city in England; and—despite every vicissitude since the war—the world's chief financial centre and the world's largest port.

Hence one finds in London an extraordinary concentration of wealth and fashion, art and science, political power and administrative authority. There is Parliament, the Cabinet, and the great executive departments occupying the Westminster and Whitehall area. There is the vast neo-Gothic block of the Royal Courts of Justice in the Strand, set in the middle of the legal beehives such as the Temple and Lincoln's Inn. There is Buckingham Palace, with the elaborate entourage clustering around the Court of St. James's. There is the financial quarter encircling the Bank of England (now raising a new pile behind its ancient, carefully preserved outer walls). There is Fleet Street, the home of almost all the daily and weekly newspapers of national importance.

There are the precincts of learning, the British Museum, the Royal Society, the Record Office. There are the leading medical institutions, such as the great teaching and research hospitals, the Royal College of Physicians and Surgeons, and Harley Street, the indispensable address of every eminent practitioner. There are the Colleges of the University, scattered through the city, but now converging on the magnificent central site which Rockefeller generosity made possible. There is the vast string of docks, far away to the east side, a land of toil and poverty utterly removed from the brilliant glitter of Mayfair. There are the celebrated arenas of sport: Wimbledon for tennis, Wembley for football, Lords for cricket, Henley for sculling, Ranelagh and Hurlingham for polo.

These are but some of the worlds which revolve within the solar system of the English metropolis. In their several ways they conspire to make London the centre of gravity in English life for business, government, art, literature, law, science, entertainment, journalism and sport.

This may be good for London. I doubt whether it is good for the rest of the country. The cultural supremacy of London is attained only at the cost of the impoverishment of the provincial cities. Life in an English provincial city such as Newcastle or Leeds, Bristol or Birmingham, runs in a thin and monotonous stream, and

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this is largely due to the overcentralization of the more interesting activities in the capital.

Most people imagine that in an old-established city such as London the main features of the situation would have been settled long ago once and for all. Nothing could be more erroneous. The leading factors affecting London's size and growth have been changing and developing to a remarkable degree during the past ten or fifteen years. They have given rise to a series of problems of challenging importance.

One speaks of "London," but what is meant by the name? There are ten or twelve different territorial areas which go by the name of London. Some of the more important of the governmental subdivisions may be likened to the Chinese boxes which fit into one another in an enlarging series.

We may start with the smallest box of all—namely, the very restricted area under the jurisdiction of the Corporation of the City of London. This is the so-called Square Mile, the immensely wealthy core of the British Empire. The City Corporation enjoys considerable prestige, as befits a picturesque anachronism, and has a proud record of independent self-government which goes back for many centuries. Its Guildhall is a famous architectural glory. Its constitution is based partly on the decayed relics of the guild system. Every year tens of thousands of Londoners bring their children to see the theatrical antics of the Lord Mayor's procession, which escorts the Lord Mayor on his inaugural visit to the Law Courts. The Lord Mayor of London is no more than the chief officer for the year of this tiny fragment of the metropolis. He and his brethren on the Council entertain on a scale of unparalleled splendor; they have vast taxable property under their jurisdiction and few important functions to perform, for the area they control has long ago ceased to be residential. An indication of the power possessed by the City Corporation is shown by the fact that it has its own police force, although the rest of the metropolitan police is under the control of the Home Secretary.

The next area is the County of London, over which presides the London County Council. The L. C. C., as it is usually called, is by far the most important local authority in London. It extends over 117 squares miles containing (in 1931) 4,396,821 persons. This figure has remained almost constant for more than twenty years, the only change being a very slight but steady decline since 1911. The London County Council was established in 1888, and administers the large-scale municipal services in the County of London, such as education, main drainage, poor law, public health, housing, fire brigades, parks and open spaces. Concurrent authority is exercised by twenty-eight metropolitan borough councils which carry on the minor or purely local functions within as many subdivisions of the same area.

Both the L. C. C. and the metropolitan borough councils are directly elected on a democratic basis. They are honest and efficient bodies, so far as in them lies—the L. C. C. in particular has a record of high achievement—but they have an impossible task to perform. For the area within which they operate was originally designed for their predecessors in 1855, when it undoubtedly did represent the effective boundaries of the capital. But even in 1888, when the County of Lon-

don was established, the facts had already undergone a radical change. The social and economic life of London had flowed over and across the boundary of the county so that it was no longer true to say that it represented even an approximate dividing line between the metropolis and the surrounding countryside. In the forty-six years which have passed since then the situation has become chaotic.

A still larger area is that of the district of the Metropolitan Water Board. This body was constituted in 1902 to provide the water supply for what was then believed to be the entire metropolitan region—559 square miles. It is a public body directly elected by the municipal councils in the region. Next comes the Metropolitan Police District, or "Greater London" area, which comprises 692 square miles within a radius of about fifteen miles from Charing Cross, a central point physically and, as Doctor Johnson remarked, the one where is to be seen "the full tide of human existence." The population of this Greater London area amounted in 1931 to 8,202,818 persons, a number greater than the respective populations of some fifteen European States, including Switzerland, Belgium, Austria, Norway, Sweden, Holland, Portugal and Greece. If we exclude the County of London, we find that the remainder of Greater London contains nearly 4,000,000 souls—the precise number was 3,805,997 at the last census in 1931. Ten years previously there were almost 1,000,000 fewer persons in this area.

This brings us to the root of London's problem today—its enormously rapid growth round the outskirts of the county. Just why this expansion has occurred in an already overgrown city it is difficult to say. But one of the most striking phenomena of the past decade has been a migration from the severely depressed districts in South Wales and the North to the Midlands and the South. And London has accreted more than her fair share of the emigrants. A new industrial revolution is in full swing in Britain; and the rise of new and lighter industries and a shift to the South are two of its conspicuous features. To take one example, Ford has moved his works from Manchester and built a vast new plant at Dagenham, on the eastern edge of London.

If we were to hover in an airplane over the County of London for a couple of hours in the morning of any working day we should observe (assuming our sight and other faculties to be superior to those of mortal man) a strange quasi-military spectacle. We should see a great army of men, women and young persons come running out of their homes to invade the County of London. We should see these invading forces hurl themselves ruthlessly into the city by various means of locomotion and proceed to sack the city's treasure in a dozen different ways—by destroying its highways, consuming its water supply, using its drainage system, summoning its fire brigade, and so forth. In the evening, as factories and offices close, the invading army of workers retreats from the citadel, and stepping lightheartedly over the county boundary, evades all attempts at extracting a payment toward the cost of the services thus consumed. That, broadly speaking, is what occurs on every working day.

There are two other areas to which reference should be made. One is the district of the London and Home Counties Traffic Advisory Committee, set up in 1924 to advise the Minister of Transport on the control of the traffic in an area of 1,800 square miles, which had then just been placed under

his authority for this purpose. The largest of all is the area of the London Passenger Transport Board, a vast territory covering about 2,000 square miles and containing a population of some 9,000,000 persons. This board was created in 1933, and thereby hangs a tale of some interest to the denizens of other large cities.

London is supplied with extremely good public transport facilities. The elaborate and extensive subway system has been continuously extended and modernized. The subway stations in London are being revolutionized, and the modern specimens are as far ahead of those in New York as the Grand Central or Pennsylvania terminals in New York are ahead of main-line railroad stations anywhere in Europe. The rolling stock is clean, well-lighted, quiet-running and luxurious. The motorbus services are superbly good. London has about 4,000 motorbuses which are remarkably comfortable and silent, and in addition several hundreds of fast single-deck motor coaches running frequently to outlying suburbs within a radius of more than thirty miles. Most wonderful of all is a miniature electric railway, owned by the Postoffice, which carries the mail bags underground, and distributes them at the main sorting offices. These mail trains are operated automatically, and they provide the Londoner with a postal service of amazing efficiency.

Nearly all the motorbuses and the greater part of the subway system were until last year operated by corporations for profit and merged in a financial "combine." Through the operation of this combine for many years the handsome profit made by the motorbuses was to a considerable extent used to make up the large deficit incurred by the subway system. This precarious situation was disturbed by the competition of no less than fourteen municipally owned tramway (street car) systems and seriously threatened by a crowd of small motor-omnibus companies which flooded the transport market in order to cream off the profits to be made on the most populous routes.

A new and drastic experiment was put into operation a few months ago. Parliament established a new public service board, or public utility trust, for the London region, transferred to it the entire mass of transport undertakings, and charged it with the duty of operating them in the public interest. Thus the London Passenger Transport Board has taken over all the subways, street-car systems and omnibuses, whether owned by municipal authorities or private companies, in its large area, and now enjoys a statutory monopoly for running public transport vehicles of every kind, with the exception of taxicabs and main-line railways. The board is independent of both political interference and proprietory interests. It has its own separate finances and has issued bonds bearing a fixed rate of interest (or in one case fluctuating between narrow units fixed by statute) to the expropriated stockholders in the old concerns. From the public point of view the important fact is that in future the public transport of London will be completely coordinated in a single integrated system operated entirely in the interests of the community.

Yet there is a toxic element in the situation. The very excellence of the system of communications helps to intensify the chaos and overgrowth from which London is suffering. The swift and frequent motorbuses and electric trains make it possible for people to live further and further away from their work. The city has

lost its coherence and become a monstrous dropsical affair of elephantine proportions. The sense of neighborhood has been lost; social intercourse has been rendered impossible by reason of great distances; and most serious of all, access to the countryside has been well-nigh destroyed for millions of human beings.

London is exceptionally well-favored in the natural beauty of its environs, but on almost every side those environs have been spoiled or completely destroyed by the unregulated and reckless building of houses and factories, roads and shops, which has proceeded at a feverish pace in the last fifteen years. It has already become utterly impossible to provide the growing generation with playing fields, parks and open spaces on even the most moderate scale; and any one who imagines that a healthy or happy existence is possible for the millions of working-class families who are cut off by impenetrable forests of buildings from green fields and the sights and sounds of nature is ignoring some of the fundamental needs of human nature.

The provision of houses for working class families scarcely existed before the war as a public service. Within the last fifteen years it has become one of the most important and significant of all governmental functions. The local authorities are primarily responsible for providing the houses, aided financially and supervised administratively by the central government. Nearly 1,250,000 municipal houses have been provided in this way since 1919; and the housing standards of the mass of the people have in consequence been definitely raised.

In London the L. C. C. is the chief authority concerned with housing. Yet so congested is its own area, so little is it related to the social and economic complex of the metropolis, that the L. C. C. has been compelled to construct vast housing estates, accomodating thousands of persons and costing millions of pounds, in the territories of other local authorities. Thus we can witness the strange spectacle of London's principal governing body acting as a colonizing power, like Imperial Rome of old.

The matter has not stopped there. The L. C. C., in the desperate search for "lungs" and recreation grounds for its citizens, has been driven to provide these amenities in the areas of its recalcitrant neighboring authorities. They, in their turn, have been forced to come, hat in hand, to beg permission of the L. C. C. to allow them the inestimable privilege of emptying their sewers into the great main drainage system which the L. C. C. has constructed at a vast cost; of permitting their children to attend some of the L. C. C. schools, and of participating in various other services.

The tangle which exists in London is a crucial case of the problem which is to be found in some degree in the great metropolitan centres of all the highly developed countries. The essence of the trouble lies in the failure to bring the municipal and administrative machinery into relation with the rapid changes in economic and social life resulting from improved communications.

What is to be done about it? The solutions look simple on paper; yet they are almost impossible politically and psychologically. Socialists are wont to refer to the powerful "vested interests" of private property owners; but these are mere pale shadows, anemic will-o'-the-wisps, compared with the powerful resistances and irrational opposition to reform which are offered by the vested municipal interests—not for any corrupt reason, but

merely because it is almost impossible to discover an elected body which has the detachment and intelligence to recognize that the public welfare may on occasion best be served by its abolition. I would like to see blazoned across the walls of every municipal council chamber those magic words of Voltaire: "To perish is also a solution."

One important school of town planners is convinced that the right path to pursue is to stop the growth of London at all costs—by sheer compulsion if necessary—and to proceed along the lines of deliberately creating what are called "satellite" towns. A satellite town is a small town of 30,000 to 50,000 inhabitants situated not more than an hour's journey away from a great metropolitan centre. Such a town is planned thoroughly from the very beginning and cannot become larger than a specified size. It aims at attracting manufacturing industry within its territory by reason of proximity to a vast market; and also at providing residences for some of the workers in the metropolis. Above all, it seeks to create a true and complete community life such as is possible only for a group of limited size, with all the civic and recreational institutions which are necessary for that purpose.

Two satellite towns have been built within reach of London. Letchworth Garden City is the older and better known; Welwyn Garden City the newer and more experimental. The idea is evidently possible of achievement; the results are attractive; the advocates full of ideals and enthusiasm.

And yet one has to remember that London did not merely expand outward from a central core. Much of it consisted formerly of villages which gradually grew together and became indissolubly merged in an urban conglomerate. Might not the same thing happen with the satellite towns?

The average Londoner is scarcely conscious of the seething problems which confront his city. He occasionally gets excited about a threat to some architectural treasure or a project for a new bridge. On the whole he is content that all through the years of depression his city should be growing in wealth and power, and less subject to the curse of unemployment than the rest of the country.

The Londoner is quite busy changing his habits, among other things, and this keeps him distracted. He is moving out of houses into apartments (or "flats," as he calls them). He is beginning to adopt central heating. He is becoming vitamin-conscious. He is getting more mobile and less addicted to the club habit. He drinks less and goes more to the talkies. He is ceasing to be shocked at the idea of wearing a ready-made suit.

Yet, despite all this, London remains the home of tradition, of quiet behavior, of essential conservatism. The rapid increase in the dimensions of the city, its vast accretions, have not affected the characteristics of its inhabitants. The tempo of life remains far slower than in New York. When I returned recently after a long stay in the United States I felt as if I were looking at a slow-motion picture. The London streets still seem as quiet as a country village compared with those of Paris. Order, stability, tranquillity are in evidence on all sides; there is no outward hint of the underlying disorder and disequilibrium which threaten the great metropolis.

The Propagandist in Fiction

By WYNDHAM LEWIS*

IN both England and the United States at present there is a great insistence upon the credentials of the artist—mainly of the artist-in-words. No man can enter the literary kingdom today without a visa. His passport will have to tell the critic not only the usual details, as to when he broke into the world, and where and why, but also what he votes—red, black or a dirty gray; how many times he has been in jail for his political convictions (the more often, the more that lets him in), and there are many other pointed questions to which he has to set his affidavit, to satisfy inquisitors of all shades of opinion—political, theological, ethical, economic, humanitarian, vivisectionist, anti-litter; and, even so, the aspirant for entry will have to remain in quarantine for a considerable time to make sure that he is not a carrier of German measles or of Russian rash.

I exaggerate, no doubt. But what is certain is that demonstrations of uneasiness are required of all who handle words; ceaseless uneasiness not regarding the words themselves (for the dogma of the *mot juste* is a thing of the past) but regarding the assumptions upon which so much of language is based. Increasing curiosity is displayed (by critic and reader of the more informed and particular sort) as to the values behind, or inherent in, any piece of writing. To what system, if any, are the writer's activities related (other than his own, which is of course anathema)? From what exactly does he derive this or that value?

Such pointed inquiries must dog the steps of the most light-hearted fictionist today—if there is any light-hearted fictionist left. And I will guarantee that Sinclair Lewis, for instance, never puts pen to paper now without first studying in all its aspects the political repercussions of the actions of his most minor character; and certainly no Harvard, and perhaps no Oxford, undergraduate (unless he be a most truculent Marxist) composes even the most trivial exercise in verse without a very anxious eye cocked in the direction of T. S. Eliot. And (talking of disturbers of the peace) I have reason to believe that even I have been responsible in recent months for disturbing the phlegmatic mental surfaces belonging to more writers than one, though I am not even a politician, much less a lay-divine!

If, having heard what I have had to say so far, the Man in the Street strolled up to me and asked me to tell him in confidence, as man to man, whether there was anything in all this critical ballyhoo, I should certainly tell him that there was a great deal in it; but that all of it was not sensible—only the quarters of it in which I played a conspicuous part; for obviously if I were a true believer in the soundness of every aspect of this agitation, I should be playing a part in every department of it—and flushing the birds for my critical fowling-piece upon the confines of the Roman world-State as well as upon the borders of

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the Marxist universe. But neither of these opposing empires—the dogmatically spiritual and the dogmatically material—can be ignored or neglected, whether you consider that literature and dogma should be indissolubly united or not.

In the English-speaking world, especially, we have a great deal too much of the happy-go-lucky in *belles-lettres*. When the French and the Russians, in the last century, were producing works of great philosophical range and penetration, we were content to be merely chroniclers or moralists, save perhaps Henry James. Therefore, whatever impatience may be felt regarding interference with the freedom of the artist and the introduction into the democracy of letters of an armed critical police—in spite of all this, it must be recalled that indifference to great spiritual issues, and major economic ones as well, have handicapped Anglo-Saxon letters for a long time now, and we have reposed too great a trust in instinct, fought shy of the disciplines of the intellect, believed too blindly in Divine Right—where it was "genius," not Demos or some royalist Gallic dummy, who was the king; and so Divine Right of every variety may be called in question, and in response Divine Right of even the most outmoded pattern of all may by some people be reinstated as an issue of the first importance.

It is a very uneasy time indeed, then, for the poet, the fictionist, and indeed every artist-in-words of any pretensions; it is none too comfortable, though, for any man who is prone to indulge in that detachment which, since the Renaissance, art as much as science has enthroned as its sovereign quality. Modern art and modern science were born in the same Italian bed, of the same spirit of exact observation and experiment. Yet, although I have assented to those conditions of uneasiness, all the same this famous "detachment" which the best art shares with the best science as its master-principle—this absence of system or independence of all system—is a great quality. It has been, not only for us and since the Renaissance, but anywhere in the world, the condition of the finest achievement in an art. And so it may not be amiss, in such a necessarily brief consideration of this new criticism, with all its up-to-date destructive equipment leveled at amusement pure and simple, at artistic delight without *arrière pensée,* to see how this detachment stands in our time; if any of it can be saved, and upon what terms.

When you decide to take up a book of fiction—I do not mean a Vicki Baum or Edgar Wallace, but say a book of Faulkner's, Aldous Huxley's or D. H. Lawrence's—you are proposing to yourself a certain type of enjoyment, just as when you go to a play, or buy a ticket for a lecture or prizefight or a concert. You would probably not take up a novel as often as you do if a novel were not a great amusement, aside from anything else that may creep in apologetically from time to time.

But there is one thing that is worth noting about this particular form of enjoyment. It will probably be on the leisurely side, rather long spun-out; the climax will arrive very slowly. According to the author that you choose, it will occur in any of a hundred very different ways; but it will always be an experience of a more private nature than that you will derive from the more physical and visual kinetic arts and gregarious pleasures. This is what distinguishes it from many other enjoyments.

The images flashed upon the brain-screen will come from your own pri-

vate stock of images; the hero and heroine will, in this sense, wear your livery. They will all be in mulberry—or else in rose color (however drab and depressing the verbal pigment), or in scarlet, or in black and white. It will indeed be in vain for the writer to write red if you are not the sort of person to see red; or vulgarly to write "colorful" if you are not very "fond of color."

Help yourself you cannot. The written story with you is, rather than an adventure in the objective world, a stimulation of your own private world, with all its oddities—blind spots, omissions, color-blindness (if present), astigmatic distortions, and the rest of it—all the physical singularities, doubled with all the mental singularities, too.

It is quite true that at a play, or at a movie, you are using your private eyes and your neighbor is using his. What you see is not what he sees. But if you both are looking at Clark Gable or Margaret Sullavan, that is a very different matter to your both reading, say, about two such people—the hero and the heroine of a popular novel. In the latter case, the physical difference alone will be enormous between what two readers see with their mind's eye when the character "Clark Gable" is described in words instead of being photographed for you in movement upon a screen.

This great distinction between the sort of impact to be looked for from the printed word and, on the other hand, from the presence of living persons (upon a stage or screen) is very significant. The private—the romantic, the subjective—has its natural refuge in the printed word. The library-book is the native art of the solitary. It is really of some consequence to stress this aspect of novel reading; it plays its part in any thorough critical study of the problems of the fictionist.

So the novel is, in the very nature of things, not the art par excellence of the man of action—of the sort of athletic robot ideologically arrived at by the Machine Age. The act of reading is not so direct—muscular, vascular, emotional—as the act of seeing. It is scarcely an action at all. For the very reason, perhaps, that fiction is, if not actually secretly, yet privately enjoyed, it will be found that the fictionist indulges in an individualism of which the more public arts are purged.

But to consider the specific problem of the contemporary fictionist—and it is, of course, the Anglo-Saxon fictionist with whom particularly we are occupied. We have to ask ourselves at this stage if there is in fact any compulsion upon him to represent and echo the Everyman of the moment as that individual becomes more or less militant; and, again, as that Everyman is seen to become more and more violently divided against himself—so that there are in practice two or more contradictory Everymen, at this moment. Which of the two or more Everymen is he to serve, if he must be the servant of somebody? And how is his celebrated artist's "detachment" to fare in the centre of these warring factions?

However, leaving the political and religious questions aside for a moment, let us turn to the parallel problem of the essential singularity of men; let us, in other words, go behind their organizations and collectivities to their individual selves, and ask ourselves how exclusively the artist must be the servant of organized man, if at all? Is the fictionist's hero forced upon him by a dogmatic majority, or has he a wide variety of types to choose from, as a general thing? Is it best for him to angle for the anarchist in

Everyman, or for the herd-creature?

Is the world at any given time, then, within limits, one personality, or is it a plurality? That is what we must now decide. Has the artist a choice of characters—some lethargic and discouraged, some full of inextinguishable pep; some idealistic, some of the earth earthy? Or has he, in an intense response to life, no choice? Is there only one soul at bottom with which he can fill his pages?

To put this question in another way: Suppose, for whatever reason, a given fiction writer is impelled to write principally about the lives of the Black fellows of the Victoria and Fitzmaurice Rivers—in tropical Australia; or, on the other hand, about the Eskimos of Alaska. Both these are small, dying peoples. They are of no great functional importance in the social metabolism of the world at the present time. A contemporary German of Berlin, or an American of Chicago, on the other hand, is a member of a great historic nation, involved in colossal historic issues (according to our human scale). Write a book displaying this typical German, or typical American, in action—a specimen alive enough to be shaken by all the questions of his time and place—and your advantage, in the general interest of your subject-matter, is enormous. Write your book about the birth, life and death of a man of the Warai tribe, or a hut-living Alaskan Eskimo, and, in spite of the theoretic universal significance of the birth, life and death of any man, you will be writing under a great handicap.

The birth, life and death of the Fuegan savage will look poor and remote, like the existence of a bug on the moon, or a frog in Sirius. The quality of the waves, as they lap against the wharf at Magellanes, or as they rush along under the continental cliffs in the Straits of Magellan, is singular and novel, perhaps, artistically. But romance—the values of a romantic age—would be its only claim to great importance, and romance, in that sense, is extinct. A little of it lingers in the Bay of Whales, it may be, but it is no longer quite a reality. Ultimately, for the fiction writer, it is New York or nothing—London, Moscow or Berlin—mass-man with the maximum of numerical counterparts to give him significance. And, further, from this argument it appears to follow that the only thing that ever had the power to outweigh and checkmate the numerical factor was romance. "Romance," that is to say an appeal to something outside the machine, an individualistic emotion, for the romantic travelers have always shown the individual in a strange and unknown place, and a strange and unusual man in a familiar place is much the same thing.

There is an important school of critical, political literati in America, of which Edmund Wilson and Max Eastman may be mentioned as shining lights, strong in the Marxist faith and persuasive controversialists, who would seek to convince us that art without politics is nonsense. For certain types of art, that is, at the present time, I believe, true. And I do not see how the politics in question could be other than the internationalism of Communist politics on the one hand, or of revolutionary nationalism on the other. Which of these two they happened to be would depend upon the historic and geographic character of the nation in question and upon the individual make-up of the artist.

But this applies only to certain kinds of art. The drama, dramatic artistic expression of any kind—the arts of action would have to submit, I think, to the requirements of the East-

man-and-Wilson political criterion—in fiction, to be specific, books of the type of *The Brothers Karamazov.* If you are dealing in human drama, and are using the contemporary scene, there are today such "subjects made to your hand"—if you are a writer of plays or a writer of novels dramatic in conception—as no dramatist worth his salt could neglect; and of such vast significance and such exclusive human appeal as to compel you to take them and use them.

Should you, on the other hand, ask: Must, then, all art today without distinction be political, I should, of course, have to say no. There is a great deal of artistic expression that cannot be political, however much it might be desired to make it so. The waves breaking against the labyrinth of rocks or upon the stone island in front of Mogador, or upon the coast of Teneriffe, to take a single illustration from nature, is a part of the subject-matter of the greatest art, of the sort of art understood supremely by the great artists and poets of China and Japan. And politics you cannot get into that. There is no politics in a volcano, though political situations are often described as volcanic. There is no Left and no Right in a storm at sea; there is neither salvation by Lenin nor salvation by Hitler in a black tulip or a red rose.

The dramatic form, again, in the great Athenian drama, or the Elizabethan drama, has furnished the world with some of the greatest examples of literary art. But the dramatic art—the most human, admittedly—is not the only art, or even the most characteristic of some civilizations; though it has been, in the titanic tradition of European art, of supreme importance. Sad stories of the death of kings—or of dictators, or of any other political entities—are not the only stories, nor is violent death the only theme of art. And too much of the appeal of almost all tragedy is sensational. So, whereas in a perfectly intelligent society there would be a minimum of drama, whereas "tragedy" is the history of the folly and failure of some man or woman, whereas violence is a weakness and a blemish from the purely artistic standpoint, and whereas quite as much of the greatest art has been and always must be undramatic and not susceptible of political treatment in any imaginable way, therefore a great deal of art, and of a kind that should be zealously encouraged, stands outside the political field altogether and outside the field of organized religion as well. But a great deal stands inside it, and the fictionist, since fiction is mainly drama or descriptive of social life, must be peculiarly handicapped if he is politically ignorant of, or unsusceptible to, the great revolutions of opinion of his time.

It is peculiarly difficult at the present time for a fiction-writer, especially, to stand above the *mêlée* and to function as an instrument of impartial truth, or anything of that sort. It is even undesirable that, as a dramatic writer, he should pretend to do so. But it is also most necessary to preserve intact the famous "detachment" of the artist and the man of science—even in the midst of faction, even for the purposes of the crudest and most sensational dramatical rough-stuff. But there is more to it than that. It is even desirable to maintain the technique of "detachment" if for no other reason than that, as a partisan, you will be exceedingly ineffective without it! You will find, to your great discomfort, if you give yourself up entirely to subjective judgment and subjective methods, that your one-sided vision will lose all its effect;

even for special pleading you must do as an artist; otherwise your plea will fall pretty flat.

As a fiction writer, and in handling the contemporary scene and dramatizing it in novels, you cannot afford to treat contemporary society as though it were dead—as you would waves, rocks and clouds. Essentially, of course, it is that; but not for you. In order to get the maximum of drama out of it you must "in the destructive element immerse"—allow it to bring into play your personality, exploit that controversial inferior self. All men have done that who have succeeded in the world of play—that is, all writers of plays.

Further, you will find that the more you use your personality in this deliberate fashion, the less notice you will take of it, the less it will interfere with you. It is the people who try to disguise their personalities with whom the personality becomes a morbid parasite of great power, a skeleton in the cupboard, and, in short, an old man of the sea. There is absolutely nothing to fear on that score. Do not be intimidated, whatever you do, into never uttering a Yes or a No by the propaganda of the nuance—the prevarication, the half-light, the pseudo-statement and the pseudo-truth—those barrens of fashionable literary criticism.

If it is, as has been said, the sign that you are a philosopher born if you are inclined to doubt the reality of the world, it is equally the sign that you are an artist born if you recognize that the struggles you engage in are a game in which you play at being yourself—and so are yourself. It is quite unnecessary to play at being anybody else to be completely the artist! If you cannot be "detached" with yourself, there is nothing you can be detached with! And if you are so endowed as to wish to turn periodically from the human scene to the less subjective material of nature, you will not find playing Number One, or the First Person Singular, has cramped your style in a mode where that character is not wanted.

The writer of fiction is, as I have endeavored to show, even in his capacity of dramatist, nearer to the individualist side than to the crowd side of his readers than are most artists. The act of novel-reading does not take place in public; his readers are his interpreters, and very amateurish ones for the most part. Yet the writer of novels must today conform more to a public canon than a hundred years ago; and as he is able to romance less—because the romantic material has shrunk so much and the rewards for successful romancing have diminished—so the standards in the matter of realism are far more exacting than formerly for the Anglo-Saxon, which is a very good thing indeed. This is why I have upheld so stoutly the hypercritical racket, if you like to term it that, but I hope I have made it clear as well that I am not so fanatically for corporate expression at all costs as are some, that I am not hostile to the private soul.

Current History in Cartoons



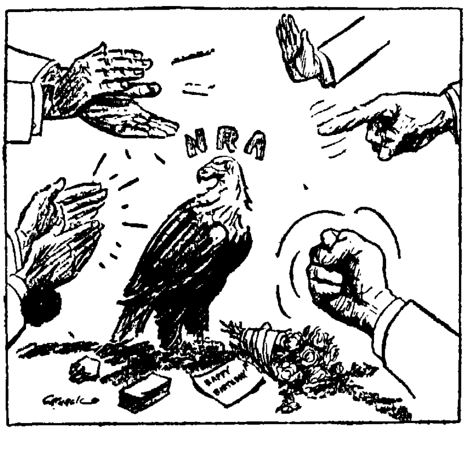
Led to expect too much
—New Haven Evening Register



Are we going into this court?
—St. Louis Post-Dispatch



The smoke screen
—Sioux City Tribune



Mixed greetings
—Christian Science Monitor



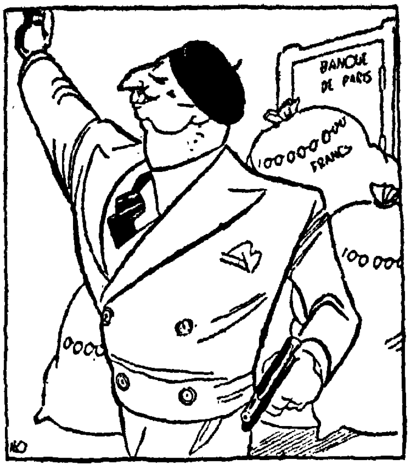
I could!
— *Washington Post*



The volunteer farm hand
—*St. Louis Star-Time*



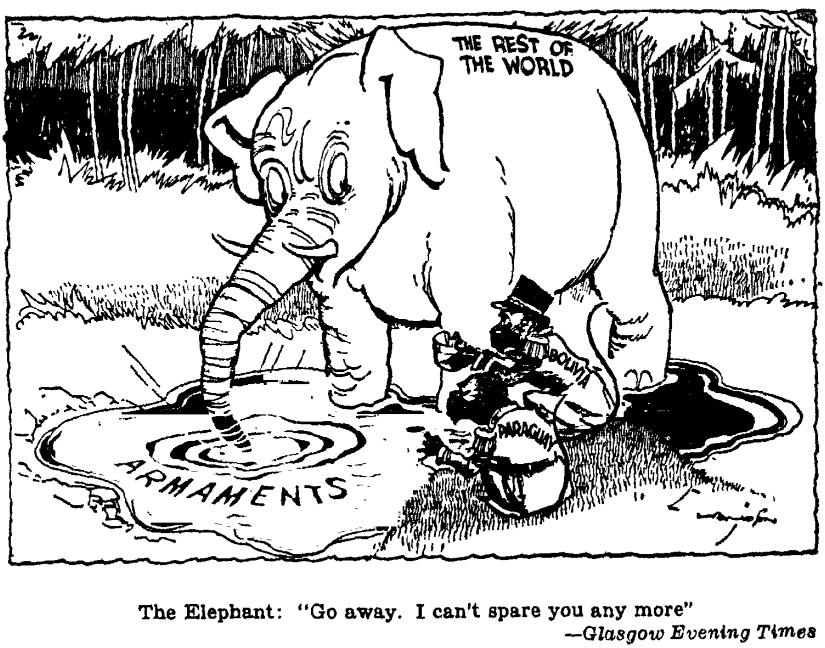
Throwing the baby to the wolves
—*San Francisco Chronicle*



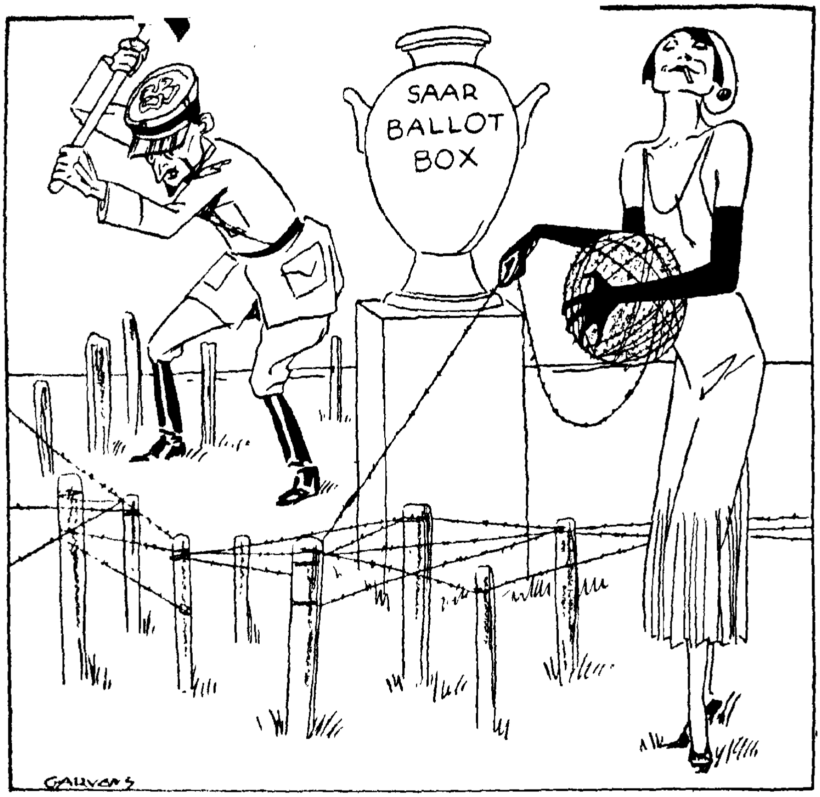
French Fascist: "Comrades, we have millions behind us!"
—*Pravda*, Leningrad



Arms Magnate: "Long live all Fatherlands; may they fight to the bitter end!"
—*Notenkraker*, Amsterdam



The Elephant: "Go away. I can't spare you any more"
—*Glasgow Evening Times*



France prepares for the Saar plebiscite
--*Kladderadatsch*, Berlin



Sun-bathing shocks the old lady
--*Glasgow Record*

A Month's World History

Europe's Road to Ruin

By ALLAN NEVINS
Professor of American History, Columbia University

FROM the beginning of June, when the Disarmanent Conference broke up in despair of ever reconciling German demands with French refusals, to the first days of July, when mankind gazed in horrified anxiety at the bloodshed and repression in Germany, that country has held the centre of the international stage. The most serious single event of this period was probably the complete German moratorium on public and private debts. One of the most spectacular occurrences was Hitler's visit to Mussolini. The situation in Germany itself has manifestly gone from bad to worse, and the same must be said of the general European situation, in which the 65,000,000 people of Germany constitute so important an element. Hope for peace and for economic recovery has lost more than it has gained. Europe seems more than ever an armed camp; the expectations pinned to the League and the labors for disarmament have lessened, and the equilibrium of Central Europe is more precarious than for years past.

The Disarmament Conference adjourned at Geneva on June 11, with no likelihood of another meeting for a long period. As Captain Anthony Eden told his English constituency, absolutely nothing had been done to meet the principal European difficulties. Without some unexpected turn "there will be no disarmament agreement, no political entente and, in consequence, no extension of the international trade recovery in Europe." After the fortnight of deadlock between the Franco-Russian-Turkish group on the one side and the Anglo-American-Italian group on the other, the concluding speeches were full of fine phrases and surface amity, but there was no agreement whatever on any substantial issue. All that was done, as M. Litvinov said, was to adopt an unimportant convention to "save the façade" of the conference.

This convention, so far as it goes, represented a victory for the Anglo-American contention that the first essential step is to persuade Germany to return and to join in drawing up a general disarmament agreement. It rejected the Franco-Russian view that the conference should make regional security compacts its chief concern. The convention authorizes the Bureau of the Conference, or any or all the powers, to make overtures to Germany. It also creates four committees, which have already set to work. One, under Nicolas Politis of Greece, is to make preliminary studies of the possibilities of security pacts negotiated outside the conference. Another is to report upon "guarantees of execu-

tion." A third is to deal with the problem of preventing air bombing and regulating civil aviation. Finally, the fourth is to investigate the manufacture and sale of munitions of war, and to make recommendations for their control.

The American and British representatives took a certain satisfaction in this convention; the French assented because they could hardly resist Anglo-American pressure, but the Italians will take no part in the committee work because they wish certain political questions settled first. As for the Russians, they were frankly contemptuous. They made no objection because in their opinion the convention amounts to nothing anyhow.

Thus the Disarmament Conference, after two and a third years of intermittent labor, ends in confusion and bankruptcy. The devoted and able Arthur Henderson will continue to guide the Bureau of the Conference and will direct the four committees. He and Great Britain will certainly make approaches to Germany if any prospect of success becomes evident. Indeed, Prime Minister MacDonald, speaking on June 14 at Essington Colliery, appealed to Germany to come back to the Conference, and promised that Great Britain would do her utmost to assure fair treatment. But these are weak grounds for hope. The unhappy fact must be accepted that, after all its debates, the Disarmament Conference has not scrapped a gun, a tank, or an airplane; it has done nothing to mitigate the horrors of war; and during its sessions various nations have made rapid progress in militarization. "We are visibly at the beginning of a process," says the *Manchester Guardian*, "which will eventually bring the arms of the disarmed powers well up toward the level of the armed powers, and which will, as a consequence, divide Europe (with Japan waiting) into the 'armed camp' of pre-war days."

Great Britain accepted the failure of the conference realistically. On June 27 her Air Minister, Lord Londonderry, announced that the Cabinet had determined to proceed immediately with an air force adequate to the national defense. This redeemed Stanley Baldwin's assurance on March 8 that if disarmament failed Britain would build up to a position of equality with any nation within striking distance. As the British have only 850 military airplanes and France 1,650, the British air fleet must be doubled. This means that the aviation appropriation in the current British budget, some £17,888,000, will have to be sharply increased. But Lord Londonderry refused to disclose any definite facts regarding the British program.

THE GERMAN DEBT TANGLE

The next shock to the world was Germany's announcement on June 14 that she would suspend for six months from July 1 all transfer payments on foreign debts, including the Dawes and Young Plan loans. This measure at once had far-reaching repercussions. In Great Britain and France it provoked grim threats of retaliatory measures; from the United States it drew one of the most stinging notes which our government has ever addressed to another power in time of peace. All over the globe charges of bad faith were hurled at Germany. The moratorium revealed the Reich as standing near the brink of a financial abyss; it also disclosed the completeness of Germany's economic and moral isolation. It accentuated the distrust and resentment with which German policies have been regarded

from one end of the earth to the other.

Dr. Schacht, president of the Reichsbank, in a speech on June 14 tried to explain the decision and soften its effect. His argument followed lines that are now familiar. He declared that Germany had made colossal sacrifices, and quoted the Layton report to the Basle Conference of 1931 as evidence that more than half of Germany's foreign loans had been used directly for the payment of reparations. The German transfer problem of today is, he said, nothing more than the reparations problem of yesterday. He pointed to the "ridiculous" gold coverage of the Reichsmark and the tiny gold exchange reserve. Germany, he declared, is resolved to avoid both deflation and devaluation, for she well remembers how disastrously its previous experiment with one of them ended. For the present full interest on the Dawes and Young Plan bonds will be paid in untransferable marks. Payment in a transferable currency would be impossible until there was a revival in international trade.

In a later utterance, on June 21, Dr. Schacht suggested three methods by which a resumption of payments might be effected: The return of Germany's colonies so that she could buy raw materials with her own currency; an increase of German exports through tariff reductions and the raising of import quotas by other nations; and a reduction of either the principal of or the interest on Germany's debts. Dr. Schacht in this connection called the 7 per cent interest on the Dawes loan "immoral."

Financial centres of the world found this statement unconvincing. Obviously Germany is now in no position to pay; but her bad position was avoidable, and was reached through a combination of folly and sharp practice. The most forcible statement of the case against Germany was Secretary Hull's long and sweeping note of June 28 to the German Government. The note denied that our loans to Germany had anything to do with reparations. The mass of them were made for productive purposes—reconstructing Germany's merchant fleet, modernizing German industries, restoring bank reserves and building roads and canals. Germany had not made "unparalleled" efforts to meet her obligations; on the contrary, Mr. Hull accused her of taking steps which made payment impossible. She had adopted policies which aroused world-wide antagonism and resulted in trade conflicts and boycotts. Various other policies—he doubtless meant Germany's belligerent attitude and withdrawal from the League—had created anxiety and caused the hasty withdrawal of short-term credits from Germany. Most severe of all was Mr. Hull's assertion that Germany, after deliberately depressing the value of her securities, had used large sums to buy them up at bargain rates. And he pointed out that Germany had also spent huge sums for material capable of military use. The note closed by intimating that the United States would not tolerate discriminations in favor of other countries, such as Holland and Switzerland plainly expect. As a whole, the note was a harsh indictment of the German policy on the debts and fell little short of an accusation of plain bad faith.

Meanwhile Neville Chamberlain, Chancellor of the Exchequer, told the House of Commons on June 15 that the British Government would set up an Anglo-German clearing house to collect payments on the loans from British trade balances against Germany, but would not exercise these powers if the Germans came to terms by July 1. The Commons took prompt

action. On June 25 they unanimously gave the government authority to impound German trade balances and to wage a trade war to the limit if Germany should attempt reprisals. In moving the second reading Mr. Chamberlain flatly asserted that Germany had acted dishonestly and that creditors in all countries felt a diminished confidence in her rectitude.

Although Dr. Schacht had defiantly said on June 21 that if Great Britain adopted a harsh course, Germany would embargo goods from all parts of the British Empire, a delegation was hastily sent from Berlin to London to confer with Mr. Chamberlain on the debts. Conversations began on June 27, but in the succeeding week nothing was accomplished. July 1 passed without action by the British Government, for the disturbances in Germany made a breathing space advisable. On July 4, however, the Germans agreed to pay interest in sterling to British holders of Dawes and Young loan bonds. In return the British promised not to apply the reprisals authorized by Parliament and agreed to accept the Reichsbank offer of May 29 to fund credits in full or pay 40 per cent in cash.

The French Government issued a communiqué on June 14 declaring that it would safeguard all French interests involved. It can easily do so because of German trade balances.

DIPLOMATIC JOCKEYING

Hitler visited Mussolini at Venice on June 14-15; accounts in the German press of this parley completely obliterated the world's hostile reaction to the debt announcement. The exact results of the meeting are by no means clear. The conversations were held in deep secrecy, and no official communiqués of a really informative character were issued. What the press learned came chiefly from men close to Mussolini. The principal topics of discussion were Austria, the Danubian question, German rearmament and Germany's return to the League. No responsible Italian or German commentator has pretended that any hard and fast agreement was reached. But, according to some of them, there was an "identity of views," if not an understanding, on several of these questions.

Such identity of views apparently covered the following points: (1) The two dictators shall keep in close touch by correspondence and conferences; (2) the independence of Austria shall be preserved, and Germany will discourage Nazi terrorism in that country; (3) the "open door" in Danubian trade is recognized, and Mussolini again declares that the Rome protocols with the Danubian nations are not exclusive in character; (4) Germany is entitled to parity in armaments, and when granted she is willing to return to the League.

The most important of these points, of course, relates to Austria. One of the chief aims of the Nazis when they came into power was to effect the union of Germany and Austria; one of Mussolini's cardinal aims is to keep Austria a buffer nation between Germany and Italy. According to Italian sources, Hitler has gone a long way toward surrendering on this question. Count Ciano, head of the Italian Press Bureau, told journalists that Germany had virtually abandoned *Anschluss.* He added that Italy had "agreed to grant to Austria, on the basis of the full recognition of her independence, the means of making her livelihood," and that the basis of this agreement is "a concession by Germany of Italy's wishes on the Austrian question in return for a quid pro quo regarding the League of Nations and arma-

ments." German commentators, however, offered a somewhat different interpretation. They declared that Hitler always disclaimed any desire to interfere with Austrian independence; that he had therefore given up nothing, and that Italy for her part had agreed not to interfere with the Austrian Nazis if they should gain power in Vienna. It is possible that the measure of agreement on this point may after all be slight.

The understanding as to disarmament and the League is of little importance because it is not new. Italy has long supported Germany's right to rearm. At the same time, Italy has always wanted Germany at Geneva. The French position is the stumbling block, and France will not be more likely to yield if she suspects there is a German-Italian entente. Altogether, the meeting between Hitler and Mussolini may prove to have been of little significance.

But it at any rate did not accentuate European antagonisms as did unquestionably a few days later M. Barthou's visit to Rumania and Yugoslavia. The French Foreign Minister arrived at Bucharest on June 20. A meeting of the Foreign Ministers of the Little Entente—Rumania, Czechoslovakia and Yugoslavia—had been concluded there a few hours before the Frenchman's train drew in. These Ministers had agreed, among other objects, to resist to the utmost the return of the Habsburgs in any capacity. Declaring that they were anxious to assist in the economic reconstruction of Europe, they deplored the unwillingness of Hungary to cooperate with them. The Hungarian Premier at the same time issued a statement accusing the Little Entente of trying to force Hungary to her knees by economic isolation, and boasting that her friendship with Germany, Italy and Austria would prevent any such calamity. Hungary, he said, still insisted upon revision of the treaties.

These exchanges furnished a dramatic background for the speech which M. Barthou made at the banquet in his honor that night. "The interests of France and Rumania are the same," he said. "Through the war we recovered our lost provinces, and we have a common interest in defending them against revisionist propaganda and insisting upon proper observation of the peace treaties." Next day he assured the Rumanian Parliament that "any one who touches an inch of your soil will meet not only your resistance but that of France, which is with you heart and soul." Leaving Bucharest on June 23, M. Barthou proceeded to Belgrade. After an equally enthusiastic reception there, he addressed the Yugoslav Parliament on June 26, saying that the unification of Yugoslavia was "a fulfillment of divine justice which could never be abandoned."

Naturally Hungary was deeply offended by M. Barthou's utterances in Rumania. Her heart is set on regaining part of Transylvania. At the closing session of the Hungarian Parliament on June 26 all political parties joined in a bitter protest against M. Barthou's speeches. A statement by Premier Goemboes expressed indignation and grief. Italy was likewise irritated by M. Barthou's utterances in Belgrade. On June 23 an Italian fleet suddenly appeared at Durazzo in Albania, apparently to show that Italy is dominant in the Adriatic and intends to remain so. The visit produced great excitement in Albania and ruffled the French press. Although Italian spokesmen declared the visit was merely one of amity, it was generally regarded in the European chancelleries as a move to counteract M. Barthou's trip to mend French diplomatic

fences in the countries of the Balkan Peninsula.

THE NAVAL DISCUSSIONS

Meanwhile attention has turned to naval liquidation. The present treaty binding the great powers expires on Dec. 31, 1935. If a new agreement is to be negotiated another naval conference must be held next year. London is now the scene of a series of preliminary discussions, which will ultimately include all the parties to the present agreement. American and British representatives began their talks on June 18 at 10 Downing Street. Prime Minister MacDonald presided, with Sir Bolton Eyres-Monsell, First Lord of the Admiralty, at his side, while Norman H. Davis headed an American delegation which included Ambassador Bingham, Admiral Richard H. Leigh and Commander T. S. Wilkinson. To prevent any distrust in Tokyo both the Americans and Britons kept Ambassador Matsudaira closely informed of developments. Late in June a Japanese group was on its way from Tokyo, while Anglo-French conversations were scheduled for July 9.

While it is hoped that these talks will clear away the main difficulties, grave fears are entertained of a deadlock—perhaps one that will prevent the holding of a conference at all. The chief danger is that Japan will insist on naval parity with Britain and America. The United States demands that the present naval ratio of 5:5:3 be kept. Secretary Swanson said so categorically at a press conference in Washington on June 6; while Admiral William V. Pratt in an article in *Foreign Affairs* for July offered arguments for this position. He pointed out that in Asiatic waters the Japanese, with a fleet of submarines equal to Great Britain's or America's, and a navy three-fifths as great, are secure from attack, nor can they be cut off from the Asiatic mainland. But the British, with an empire scattered all over the globe, and the Americans, with their two coasts, their Pacific islands and the Panama Canal, need preponderant navies. He also declared that if Japan refused to accept the old ratio, "the readjustment period should find those with identic interests in the same lifeboat"—that is, the United States and Great Britain would draw together against Japan.

Thus far no official statement of Japanese demands has been made. The Japanese press hastened to contradict Admiral Pratt. It declared that the necessity of defending Manchukuo, the League attitude, which shows that Japan must be prepared to face a combination of powers, and the American policy of concentrating our navy in the Pacific, all require Japanese naval parity. Tokyo newspapers on June 17 printed an unofficial program which calls for reduction of American and British tonnage to the Japanese level, abolition of the ratio principle, and adoption of limitation by aggregate or "global" tonnage. Japan is facing grave financial difficulties, and Finance Minister Takahashi had been insisting on limiting expenditures rigidly; but on June 26 the Rengo News Agency of Tokyo circulated a report that the navy expected to demand more than 700,000,000 yen in the 1935-36 budget, as against the current 487,000,000 yen. Japanese naval officers were to meet in mid-July to decide definitely on the new building program.

Lesser difficulties facing the proposed naval conference arise from differences between France and Italy and between Great Britain and the United States. France may insist on a navy

as large as those of Italy and Germany combined; Italy, on the other hand, may demand equality with France. Rome correspondents announced on June 11 that Italy expected to lay down this year two battleships of maximum treaty size, 35,000 tons each. This would be her reply to the French battleship Dunkerque (36,500 tons) and the sister ship which France announced last March. Fortunately, a week later Italy informed the British Government that she would postpone her two battleships till she learned what the forthcoming naval conference might be able to achieve.

Great Britain is understood to wish to increase materially her cruiser strength, now limited to 339,000 tons. On June 21 the British delegates were reported to have handed the Americans a schedule which called for seventy British cruisers instead of fifty, involving an increase in gross tonnage of from 150,000 to 200,000 tons. As is well known, the British, who have many naval bases, prefer small cruisers; the Americans, who have few, prefer large ones with a longer cruising radius. The British would likewise be glad to limit battleships to 25,000 tons or less. There is a possibility that Great Britain and America may come to the same deadlock on these questions which made the London Conference of 1927 a failure; but for the present Japan offers the chief ground for worry.

TRADE RECOVERY

Other events of this generally depressing month may be briefly dismissed. Signs of world recovery continue. Termination of the Anglo-French trade war was announced in a formal statement on June 16; and British unemployment has been brought down, according to official figures of June 21, to 2,090,000, the lowest total in four and a half years. Various bodies which study the world outlook have published encouraging figures. For example, the German Statistical Office on June 17 declared that of fifty-one nations which it had surveyed, two-thirds were definitely recovering, the march being led by four great industrial countries—the United States, Great Britain, Germany and Japan. World unemployment, it estimated, had been reduced during the year ended March, 1934, from about 30,000,000 to about 22,500,000.

The League of Nations on June 19 formally restored Leticia to the Colombian authorities. The United States Congress just before adjournment voted a resolution which will enable American delegates to take their seats in the International Labor Organization at Geneva as soon as President Roosevelt acts. The League has for the moment apparently failed in its effort to impose a general arms embargo upon Bolivia and Paraguay, for it has thus far proved impossible to obtain unanimous action. Both Japan and Germany have hung back. But the partial embargo continues and may yet have its effect. Hope for an international agreement on wheat export quotas was virtually abandoned on June 25 in consequence of the refusal of Argentina to be bound by the limits already set.

Altogether, it has been an unhappy month. World recovery might proceed steadily if greater political stability could be obtained, and if the burden of armaments could be lightened; but neither seems possible while Germany is in her present state.

Are We on Our Way?

By E. Francis Brown

The Seventy-third Congress has become history and the New Deal is shortly to be weighed by the American electorate. Recovery—the program at least—rushes ahead. Reconstruction, as outlined by the Roosevelt administration, has been partially translated into fact. The President, who has many times insisted that "we are on our way," in his radio address to the nation on June 28 posed the question, "Are you better off than you were last year?" Such a rhetorical inquiry, though politically clever, is somewhat naïve for it offers no opportunity to suggest that the long-time effect of the administration's measures may not be as happy as the immediate result. Nor does it take into account the need for basic change in the social and economic structure, a need which the Roosevelt administration, despite the lamentations of its critics, has refused to recognize.

In the President's speech the administration's program was divided into three categories: Relief, recovery and reform. In all three many conflicting factors are involved, but it is possible to evaluate what has been done under each heading.

Relief, indeed, is on a somewhat different basis from that which existed when the Roosevelt administration came to power. In the days of Herbert Hoover, of course, unemployment relief remained the responsibility of private organizations and local political groupings. Now it has become, largely by force of circumstances, a matter of Federal concern. Mr. Roosevelt has said: "In our administration of relief we follow two principles: first, that direct giving shall, wherever possible, be supplemented by provision for useful and remunerative work, and second, that where families in their existing surroundings will in all human probability never find an opportunity for full self-maintenance, happiness and enjoyment, we will try to give them a chance in new surroundings."

The Seventy-third Congress, during its special session of 1933, passed several direct relief measures—the law establishing the Civilian Conservation Corps, the Wagner Act distributing $500,000,000 among the States and the Public Works Administration created by the National Industrial Recovery Act. Out of the last named came the Civil Works Administration—the CWA—which in the Winter of 1933-34 provided generous relief to more than 4,000,000 individuals. Further aid to the unemployed has been provided by the Federal Surplus Relief Corporation, which has bought up surplus farm commodities for distribution among the jobless. But all relief of this kind has envisaged an emergency of only short duration and in this regard, even if the burden has been shifted to the Federal Government, the underlying philosophy has differed but little from that of the Hoover administration.

Nevertheless, it has gradually been realized that other methods of caring for the unemployed must be found. Harry L. Hopkins, Relief Administra-

tor, declared on June 25 of this year: "I'm getting the conviction that the situation has to be handled on some other basis than a relief basis. I can't see millions of people on direct relief." His statement echoed President Roosevelt's message to Congress on June 8 which had set forth the need for social insurance, particularly unemployment and old-age insurance.

The second relief principle enunciated by the President—the shift of stranded groups to new regions where they may work out their salvation—has been the source of much talk but little action. Subsistence homesteads have been set up in a few districts, but the whole idea of these self-contained communities seems to arise from counsels of despair. Certainly, whatever their part in immediate relief, they suggest a return to a more primitive mode of life and add nothing to the solution of the economic dilemma of these years.

Though the Roosevelt administration can feel a justified pride in its handling of relief, it should find reason to pause in the steadily mounting relief burden. Harry L. Hopkins, at the end of June, reported that 16,000,000 were on the relief rolls; yet in October, 1933, when business activity was less than in June, 1934, the total on the rolls stood at 15,100,000. Naturally, one wonders what kind of recovery America is making. Moreover, as a result of the drought in the agricultural West, relief must be extended to the many thousands made destitute by the destruction of their crops and livestock.

Recovery, the President said in his address of June 28, may be judged by replies to the following questions: "Are your debts less burdensome? Is your bank account more secure? Are your working conditions better? Is your faith in your own individual future more firmly grounded?" To the last of the questions there is only the answer, "Yes." If Mr. Roosevelt has done nothing else, he has raised the morale of his people from the depths of despair to confidence, somewhat restrained, to be sure, in the immediate future. Upon the remaining questions, however, there is reason for disagreement.

During the sixteen months since the Roosevelt administration came to power much has been done that aimed to relieve debtors. The Home Owners Loan Corporation, for example, has sought to reduce the mortgage burden on those individuals who otherwise would have to witness the sale of their homes under foreclosure proceedings. But since the corporation's resources are limited, it had on June 22 made only 323,652 loans. Through the Farm Credit Administration farmers have been extended considerable aid. Over 30 per cent of the farm mortgage indebtedness in the United States will soon be held by the Federal Land Banks. As part of this refinancing program the interest burden on farm properties has been reduced about 25 per cent.

Two bills passed at the recent session of Congress have direct bearing on the problem of debt. When the President on June 7 Signed the Corporate Bankruptcy Bill he made it possible for corporations to reorganize without securing the consent of minority creditors. Long and expensive receiverships will be obviated by the terms of the act.

The Frazier-Lemke Act, approved by the President on June 28, permits distressed farmers to extend the time limit upon the payment of existing debts and mortgages. If an adjustment is impossible, a farmer may file a petition in bankruptcy, whereupon

his property will be appraised at a "fair and reasonable value, not necessarily the market value." The debtor may afterward repurchase the property at the appraised value according to a system of payments set forth in the act. If the creditors object to such a settlement, proceedings shall be stayed for five years, during which the debtor may occupy the property upon payment of a reasonable rental. Since this act seemed to injure the interests of holders of farm mortgages, there was long doubt whether it would receive the President's approval. In a statement accompanying his signature of the bill, however, he pointed out that "the mere threat of a use of this machinery will speed voluntary conciliation of debts and the refinancing program of the Farm Credit Administration."

Thus the administration has sponsored or approved measures which are intended to relieve various classes of debtors. In addition, one must recognize that improved business conditions have permitted the payment of many private debts. Furthermore, corporate reorganizations have resulted in the scaling down of indebtedness and the reduction of interest rates. In this latter category belongs the government's own conversion of $1,005,000,000 in Fourth Liberty bonds from 4¼ to 3 per cent.

Though the reduction of personal and corporate indebtedness has occurred, at the same time that the government has made the gesture of economy in its own running expenses and has lowered the average interest rate on the national debt, the total debt has risen rapidly. At the end of the fiscal year on June 30, 1934, it had reached $27,053,000,000—$4,514,000,000 greater than a year ago. The Treasury deficit of approximately $3,989,000,000 was about half that estimated in the President's annual budget message.

Since taxes must ultimately be levied to support this national debt, that prospect cannot be ignored when the individual replies to the President's question, "Are your debts less burdensome?" They may be less burdensome, but the future of the collective public debt may well be a cause for worry. At least so the conservatives contend.

And what might one say to the question, "Is your bank account more secure?" Again there can be no doubt that for the moment those fortunate enough to possess bank deposits can regard them with greater certainty than seventeen or eighteen months ago. The Federal guarantee of bank deposits and the Banking Act of 1933 have temporarily at least stabilized the banking system.

The Annalist, on the other hand, recently accepted the conclusions which H. Parker Willis and John M. Chapman reach in their elaborate study, *The Banking Situation*. These authorities assert that the banks are still suffering from asset deterioration as a result of the government's efforts to force its securities on the banks; that the banks are thus being slowly frozen to death; that the suspension of specie payments and the further suspension of limits formerly set on note issue have tended to promote bad and careless banking as well as preparing the way for a dangerous and uncontrollable credit expansion, and that the devaluation of the dollar has destroyed the old basis for redemption and further weakened the banks. Granted that the conclusions set forth above are open to debate, it is clear that the Roosevelt administration has so far sidestepped the necessity for wholesale banking reform. Until measures have been taken

to establish a sound banking system in the United States, no one can be confident that his account is secure.

Finally, there is the question, "Are your working conditions better?" Many elements enter here. The general tendency of the NRA has been to shorten the working week and to abolish child labor. Violations are taking place, to be sure, but the lengthening of the hours of labor which was growing before the passage of the National Industrial Recovery Act has been halted. Furthermore, the business upturn has not only provided for more jobs but has given those employed even in the darkest days a sense of security of tenure. And wages have risen somewhat, certainly above the low levels of March, 1933. The textile industry, for instance, has reported that its payrolls during the first year of the NRA increased 78 per cent and hourly wage rates 67 per cent.

Working conditions, however, have remained unsatisfactory. Unemployment still hangs over the heads of all workers, even of those who feel secure. Nor does this shadow lessen with the passing of the months. In May, according to the monthly report of the American Federation of Labor, 10,267,000 were without work, compared with 10,616,000 in April and 10,108,000 in September, 1933.

Despite considerable pro-labor sentiment in the Roosevelt administration, great difficulty has been experienced in establishing the principle of collective bargaining in employer-employe relationships. Promised by the National Industrial Recovery Act, promised ostensibly in repeated statements by government officials, the application of the principle has remained elusive. As a result, labor troubles have spread throughout the land. In June the threat of a steel strike, at the same time that other strikes were either pending or had actually been called, forced the administration to take a new step.

Congress had been considering the Wagner Labor Disputes Bill which, it was hoped, would outlaw company unions and establish a National Industrial Adjustment Board empowered to settle labor difficulties. But the bill had stirred up general opposition; whatever administration support there might have been had weakened, and in the end a substitute, less controversial, measure was pushed through Congress.

The issue was met in the form of a resolution which authorized the President to create labor boards for the investigation of all questions arising under Section 7a of the Recovery Act. These boards can hold elections to determine the representation of employes; acts or decisions of the boards may be appealed to the Federal courts. Though Senate Progressives disliked dropping the Wagner Bill, they submitted to administration pressure, particularly when an amendment offered by Senator La Follette guaranteeing the right to strike was accepted by both houses.

Acting on the power conferred by the resolution, the President on June 30 established the National Labor Relations Board and appointed to it Lloyd Garrison, dean of the Wisconsin Law School; Harry Alvin Millis, head of the Department of Economics in the University of Chicago, and Edwin S. Smith, NRA labor compliance officer for Massachusetts. Special boards may be set up under the National Board. The executive order creating the National Labor Relations Board also abolished the existing National Labor Board.

Even before the National Board had come into being, the President appointed two special boards to deal

with labor strife. One was concerned with the longshoremen's strike on the Pacific Coast; the other, the National Steel Relations Board, was to investigate the entire subject of collective bargaining in the steel industry, to arbitrate disputes which may arise between steel employers and employes and to hold elections for workers' representatives. The establishment of this board had been promised by William Green, president of the American Federation of Labor, when he appeared on June 15 before a convention of the Amalgamated Association of Iron, Steel and Tin Workers. The acceptance of his promise by the delegates to the convention averted a steel strike, the prospect of which had caused widespread apprehension among industrialists.

In the closing hours of Congress was passed the Railroad Labor Bill which forbids railroads to interfere with their employes' joining or refusing to join any union. By the terms of the bill representatives of any craft must be determined by a majority of the employes voting. The act also provides for a national railway adjustment board and a national mediation board to settle disputes which arise between the roads and their employes.

The railway brotherhoods, which are so strong that it is politically unwise to cross them, gave their support to this bill no less than to the Railway Pension Bill, which the President signed on June 27. By the terms of the latter law all railway employes must retire at the age of 65. All employes attaining the age of 65, or serving thirty years, shall receive an annuity based on the "average of the monthly pay of the employe" during his period of service, except that in no instance shall the annuity exceed $300 a month. Both the railways and the employes are required to contribute to a "railroad retirement fund," which is to be held by the United States Treasury. Administration of the act is in the hands of the Railroad Retirement Board. By retiring superannuated employes, it is estimated that jobs will be provided for about 150,000 men. At the same time the morale of railway workers should be heightened, the operating efficiency of the roads increased and the social security which workers the nation over have been seeking promoted.

Thus, in one fashion or another, working conditions have improved in the period between March, 1933, and July, 1934. There is still a long way to go before Utopia will even be in sight, but Mr. Roosevelt has said that we seem to be "on our way."

In any discussion of recovery, however, there must be other considerations than those suggested by the President in his radio address. Even affirmative answers to each of his questions would not mean that recovery had arrived. In 1929 men considered the United States prosperous and ignored the less obvious trends in the body politic. So in 1934 conclusions cannot be drawn from mere outward appearances.

The New York Times index of business activity, for instance, stood at 84.8 for the week ended June 30, 1934; it had been 47.9 for the week ended March 18, 1933. How much of this improvement is the result of "normal" world-wide recovery? How much can be attributed to the Roosevelt program? Unquestionably PWA expenditures have stimulated business, but can business maintain itself when large-scale government spending begins to taper off?

The Public Works Administration during the first year of its existence allotted $3,293,662,710. Of this sum about $1,200,000,000 had by June 15

been actually disbursed. Secretary Ickes has estimated that approximately 2,000,000 workers, exclusive of those benefiting from the CCC or CWA, have obtained employment as the result of PWA projects. But the PWA is only one government agency which has bolstered the business structure. The TVA, to a much lesser extent, and the RFC, with its loans to banks, railroads and insurance companies, have served the same purpose.

Further direct stimuli to business are expected from several acts passed at the recent Congressional session. The National Housing Act admittedly seeks to stimulate the capital goods industry through government support of the mortgage market, thus making possible the modernization of old homes and the building of new ones. Though the administration has given this act its enthusiastic approval, many students of housing and economics have been severe in their criticism, insisting that the act makes no attempt to solve the housing problem and that the amount of new building which will result will be negligible.

Direct loans to industry from the Federal Reserve Banks and the RFC have also been authorized. This law makes $580,000,000 available for this purpose—$280,000,000 to be supplied by the Reserve Banks and the remainder by the RFC. Solvent industries which have heretofore been denied credit will thus be in a position to obtain funds, though in no case is any loan to exceed $500,000.

All these agencies and measures are inflationary in nature. But their duration is in most instances limited. What will happen to business when they are liquidated? Or will they by that time have succeeded in "priming the pump"—in other words, will business, once started, be able to continue by its own efforts?

Inflation of a slightly different sort can be expected from Treasury silver purchases under the provisions of the Silver Purchase Act which the President signed on June 19. This law, declaring it to be the policy of the United States to hold one-fourth of the nation's monetary stocks in silver, authorizes the Secretary of the Treasury to purchase silver in the United States and abroad in order to carry out the policy. If he deems it advisable the President may require all domestic silver to be delivered to the mints. Speculation in silver is restrained by heavy tax penalties. Against the silver acquired under the act, certificates will be issued, resulting, according to a statement by Representative Dies of Texas on June 26, in a currency expansion of at least $940,500,000 by the end of 1934. Here again one must ask whether anything fundamental has been achieved by "doing something for silver." The silver interests stand to benefit; currency inflation may temporarily give business a fillip. But the system as a whole is not strengthened by this sort of tinkering.

Finally, we should look at the two best-known recovery agencies—the NRA and the AAA. The NRA, according to a message of President Roosevelt on the first anniversary of its creation, has been responsible for "significant and extraordinary increases in industry and business generally. We have spread employment, we have raised pay and we are not through yet." But a different note was sounded in the succession of reports from the Darrow Committee, which has been studying the work of the NRA.

That committee's third and final report asserted that the NRA codes of fair practice have "offered an opportunity for the more powerful and the more profitable interests to seize

control of the industry or to augment and extend a control already obtained." Though "the nation's need, sternly revealed by the depression, was for a better distribution of wealth," the Recovery Act "has fostered and fortified those practices and systems under which 1 per cent of the nation's population has been enabled to possess itself of 60 per cent of the nation's wealth. In this respect it has become not the foe but the adjunct of depression." There has been little attempt to reconcile these dissimilar points of view. Denunciation has characterized both sides of the argument.

Nevertheless, the NRA did back water a little. At the beginning of June it was announced that the much-attacked policy of price-fixing would be abandoned. When code authorities protested the NRA Administrator declared that the change would be worked out in consultation with industry. Apparently, however, there was little likelihood that such alteration of the existing codes would be accepted, since price-fixing has long been the goal of many industries and even in the days of the anti-trust laws was secretly practiced.

Meanwhile, business associations at conventions and meetings expressed their approval of the NRA. Under it, there has been an undoubted increase of profits; to this the announcement of dividend payments in the daily press testify. But for the mass of the American people, the value of the NRA is debatable. It has not greatly affected employment, especially if one recalls Secretary Ickes's claim that it is the PWA that is responsible for putting 2,000,000 men to work. Moreover, the charges of the Darrow Committee, which are of great moment to the country as a whole, have remained unanswered. Where industry has clashed with the NRA—the cases of the Weirton Steel Company and the Harriman Hosiery Mills are best known—the issue has usually been one of labor relations. Despite much loud talk, that issue has yet to be settled.

The AAA, with its ever-expanding system of crop control and processing taxes, has been assailed for its "regimentation" of agriculture. While this aspect of the AAA's activities may provide political capital, it is far less important than others. For example, curtailment of cotton-growing has caused great misery among the croppers and tenants of the South; here a new social problem arises, or rather a new phase of an old problem. Most important of all, of course, is the fact that crop control and processing taxes have failed to increase farm purchasing power much above what it was in March, 1933. Farm purchasing power in mid-June had advanced 27 per cent from the low of February, 1933; nevertheless, the exchange value of farm products was only 63 per cent of the pre-war level. Enough money has been pumped into the farming regions in the form of crop loans to relieve some of the former stringency, but the basic situation remains unchanged.

Looking back, then, on the many elements of recovery, what do we find? Superficially things are better; the country breathes easier; it has a new hope; but so far there have been no measures adopted which in themselves promise to end the economic crisis. At least such must be the verdict if one admits that we are living through a crisis in capitalism.

Mr. Roosevelt has stated that the third step in "the saving and safeguarding of our national life" is reform and reconstruction. Naturally, there is considerable overlapping between recovery and reconstruction. For example, is not the Railroad Transportation Act both? Its aim is

to place the roads on a sound financial basis and at the same time to increase operating efficiency. The NRA, again, though called a recovery measure, sought to introduce a new organization of business which could be called reform or reconstruction. But more obvious measures come to mind.

Foremost among them is the Exchange Act of 1934. (See July CURRENT HISTORY, page 465.) Its five administrators—Joseph P. Kennedy of New York, George C. Mathews of Wisconsin, James M. Landis of Massachusetts, Robert E. Healy of Vermont and Ferdinand Pecora of New York—will seek to prevent the recurrence of the speculative evils which characterized the years before 1929. Closely allied to the Exchange Act is the Securities Act of 1933—a law whose aim is the protection of investors against fraudulent securities. These laws will unquestionably wipe out some old-time abuses.

The Communications Act, providing for the regulation of interstate wire and radio communications, promises more efficient and cheaper communication than has previously existed. Another reform has arisen from the air mail controversy. Whatever the merits of that unsavory row, the flying of the air mail has now been placed on a sounder basis. (See July CURRENT HISTORY, page 466.) Moreover, a permanent air policy is under consideration.

But none of these legislative enactments compares in importance with the more general social program which President Roosevelt has outlined. Child labor and minimum wages were problems dealt with by the NRA. Much more far-reaching social legislation was forecast in the White House statements during June and by the appointment on June 29 of the President's Committee on Economic Security, a group whose studies will range from old age and unemployment insurance to mothers' pensions.

Another board has been appointed "to plan the better use of land and water resources * * * to the end that the means of livelihood of our citizens may be more adequate to meet their daily needs." Though this sounds a bit grandiose, the work will be essentially practical. One of the most immediate problems to be considered will be that of land in the Western agricultural country which suffers from chronic drought and land which has been and is being eroded. The White House declared: "The program * * * will aim to point the way to correction of the misuse of land and water resources, thereby improving the standards of living of millions of impoverished families."

On this complex, many-sided program of the Roosevelt administration, Americans will be called to register approval or disapproval in November. For most of those who go to the polls, voting will be decided by the individual's own response to the President's query, "Are you better off than you were last year?" Republican shouting about "regimentation" and government extravagance will count as nothing if the answer to that question is in the affirmative. At the beginning of the Summer *The Literary Digest* poll on the New Deal gave a better than 3 to 2 vote for the Roosevelt policies. Yet the elections were still four months away. If business falters during the interval and farm prices continue to lag, public opinion may shift. In any case, the Congressional elections of 1934 will pay slight attention to the elements which in the long run will determine the success or failure of the New Deal.

Political Trends in Canada

By J. BARTLET BREBNER
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ELECTIONS in two Canadian Provinces on June 19 resulted in overwhelming victories for the Liberal party. In Ontario the Liberals captured sixty-six of the ninety seats in the House; in Saskatchewan they made practically a clean sweep. These victories over the Conservatives followed similar successes in 1933 in Nova Scotia and British Columbia. Since there was no major issue in either campaign, the Liberals apparently capitalized the prevailing resentment against those in office.

The absence of issues, however, did not prevent speculation about the general significance of the turnover, particularly in relation to the Dominion Parliament. The Liberal victories seemed to intensify Prime Minister Bennett's opposition to Liberal *laissez-faire* policies and to increase his determination to expand State control of economic enterprise. During June, he expounded his philosophy of government regulation for the ironing out of inequalities. In addition, the Stevens committee, which was appointed to investigate Canadian business practices, was allowed to continue its disturbing probe.

The Liberals, yielding to their joy in victory, did not say much about future policies, either for Canada or for the Provinces, and no one could derive any explicit program from their past utterances. Historically, the core of their party in the Dominion has consisted of ultra-conservative Quebec. During the last six months Mr. Bennett has been comparatively radical and Mackenzie King, the Liberal leader, really the conservative. Some elements in the Liberal party have favored modern State socialism, but Mr. King has not accepted such a policy. Confident of victory in the next Federal election, he has preserved an orthodoxy which might conceivably venture on heterodoxy if some counterbalance to Quebec could be found. Nevertheless, for the moment Mr. Bennett has forced the Liberals to be the upholders of conservatism.

Surprising as was the Liberal victory in traditionally Tory Ontario, perhaps even more so was the failure of the Socialistic Cooperative Commonwealth Federation to win a single seat in Saskatchewan. That Province was the real birthplace of Farm-Labor socialism in Canada; the C. C. F. *Research Bulletin* was published there; and the party had had great expectations in this election. The complete defeat was most dismal to the friends of the movement, which now has only seven members in British Columbia, seven in the Dominion Parliament and one in Ontario. Its recent threat to upset two-party government in Canada has come to practically nothing.

Parliament, during June, nearly completed the legislation for the new central bank and for the continuance of the chartered banks, but it was necessary to bridge some gaps between the present system and the new. Mr. Bennett seized the occasion to kill several birds with one stone. He an-

nounced on June 19 that the Dominion note issue would be increased by about $52,000,000 to provide for a $40,000,000 public works program and for the purchase of silver in accordance with the world agreement. The gold reserve has been over 40 per cent at the old valuation of $20.67 an ounce; the new issue will reduce it to 31 per cent, although if gold is valued at $35 an ounce the reserve would amount to 52.5 per cent. In addition, the government insisted on the right to about $33,000,000 profit arising from the transfer of the chartered banks' gold reserves to the new bank. During passage through Parliament the Central Bank Act was somewhat altered. Its legal dividends were reduced from 6 to 4½ per cent; the governor or deputy governor was given veto power over the directors, and, though its capital is to be privately subscribed, its executive is to be responsible to Parliament.

How to make the Ottawa agreements work remains an unsolved problem. British hopes were badly disappointed on June 15 when the Supreme Court decided that the Canadian Tariff Board had no power to determine questions of law and was subject to the Minister of National Revenue. The board was the Ottawa guarantee to Great Britain of fair competition in the Canadian market, but the Supreme Court decision seemed to transform it from a judicial to a political institution.

Canadian foreign-trade figures continue to demonstrate forcibly that Canadian exports to the United Kingdom are still far greater than imports from Britain, and that the United States is steadily supplanting Great Britain in Canadian markets. During May Canadian imports from the United Kingdom were valued at $12,030,000—51.8 per cent greater than in May, 1933 — but imports from the United States totaled $30,063,000, an increase of 66.7 per cent over 1933. Exports to the United Kingdom were 46.1 per cent above the total for May, 1933, but showed an increase of only 24.1 per cent to the United States.

Canada and Australia ended a trade dispute when the latter agreed to stop flour shipments to Canada. Both dominions, however, found themselves opposing British trade policies toward Japan and Germany, because they both enjoyed favorable balances with those countries. Both also were troubled by a warning from Great Britain that they must ultimately either accept quotas on imports of their meatstuffs or face tariffs which would be used to compensate British producers.

American success in breaking into the Canadian market was somewhat reflected by Washington's silence on a reciprocal trade agreement. Several tentative overtures from Ottawa have been without result.

Since the Canadian wheat crop is later than the American, the May drought did less basic damage than in the United States and the June rains were of greater benefit. The total yield nevertheless has been greatly reduced. The general drought in the Northern Hemisphere has perceptibly reduced the world carry-over. In the first ten and a half months of the crop season Canada exported 165,000,000 bushels—7 per cent less than last year, but 36 per cent of the total international movement. Argentina was revealed to be the dangerous rival, for she had broken her international agreements and increased exports sufficiently to win 26 per cent of world sales. Canada opposed a wheat war, however, for she was still well below her 1933-1934 quota and feared that international dumping would smash the price which had been slowly improving.

Mexico's New President

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IN probably the most one-sided, but at the same time most orderly, election in the history of Mexico, a national executive, one-half of the national Senate, an entirely new Chamber of Deputies and several State Governors were chosen on July 1. General Lázaro Cárdenas, nominee of the dominant National Revolutionary party, was reported to have received 80 per cent of the total vote cast for President. General Antonio Villareal, candidate of the independent Democratic parties, ran second, and Colonel Adalberto Tejeda, candidate of the left wing of the Socialist party, was third. Early reports indicated that the National Revolutionary party had won all the seats in the Chamber of Deputies and forty-nine of the fifty-eight seats in the Senate. The inauguration of the new President will take place on Dec. 10.

General Cárdenas, who is of mixed Spanish and Tarascan Indian blood, is 39 years old. He attended school only until the age of 11, when he was obliged to begin work in order to support his widowed mother and seven brothers and sisters. Seven years later, as town jailer, he liberated his one prisoner and became his comrade-in-arms in the liberal movement against the restoration of the old Diáz régime under the leadership of the reactionary Victoriano Huerta. At 19 he was made a captain of cavalry, from which position he rose steadily until he became a general in 1920. Since then he has served as Governor of his native State of Michoacán, as military commander in various States, as Minister of the Interior, as president of the National Revolutionary party and as Minister of War. He resigned from the last position in the Cabinet of President Rodríguez in order to become a candidate for the Presidency. General Cárdenas, while Governor of Michoacán, dealt severely with the Catholic Church, aided the Indians by large grants of land, encouraged industrial development and built roads and schools. As the nominee of the National Revolutionary party he is pledged to support the socialistic Six-Year Plan which was initiated early this year by President Rodríguez. In his campaign speeches General Cárdenas announced that he would follow a nationalistic policy in respect to foreign capital and enterprise, sponsor a national prohibition law and give women a greater opportunity to participate in government.

The Socialist Democratic party made a futile effort on June 2 to prevent the complete triumph of the dominant National Revolutionary party. It proposed the establishment of a coalition government, the fusion of all political parties in support of the candidacy of General Cárdenas and the nomination, before his election, of a nonpartisan Cabinet to serve under him.

CABINET FRICTION IN CUBA

The government of President Carlos Mendieta of Cuba successfully weath-

ered two Cabinet crises during June. The first occurred on June 2, and grew out of protests by four Secretaries against the alleged usurpation of civil rights by the military authorities. Among the dissatisfied Cabinet members were Emeterio Santovenia, Secretary to the Presidency, who presented his "irrevocable" resignation because of disagreement with the President over the power of the military in the government; Santiago Verdeja, Secretary of Health, and Daniel Comple, Secretary of Public Works, both followers of General Mario G. Menocal, who was said to be dissatisfied with the representation of his party in the Cabinet; and finally, Secretary of Justice Carlos Saladrigas, who is a leader in the powerful ABC secret political organization, between which and the army, headed by Colonel Fulgencio Batista, friction has long existed.

Despite these protests, Colonel Batista, whose methods were blamed for the unrest in the Cabinet, issued instructions for army commanders to keep their forces in readiness, presumably to quell an expected revolutionary movement. The military element also demanded that martial law, which gives them control over public order, be prolonged. This was done on June 5, when Acting Secretary of the Interior, Carlos de la Rionda, announced the extension of martial law for another period of ninety days.

Notwithstanding this reversal for those who favored a return of constitutional guarantees, Dr. Santovenia withdrew his resignation as Secretary to the Presidency. The other discontented Cabinet members likewise submitted for the time being to the predominance of the military.

Increasing criticism led President Mendieta on June 13 to deny emphatically that his administration was fast approaching a form of military dictatorship. "The constitutional army and navy," he said, "have the duty of preserving public order and that is their function under the present administration. The civil authorities carry out their activities in a manner tending to establish normalcy which removes further and further all possibility of a system of government based on the force of arms."

Nevertheless, a second Cabinet crisis was provoked on June 25 by the decision of the ABC organization to withdraw from the government. As a result, all the members of the Cabinet handed in their resignations in order to give the President a free hand in dealing with the delicate situation. President Mendieta accepted the resignations of the four ABC members and after a few hours of intensive negotiations the other Ministers were persuaded to resume their portfolios. Those whose resignations were accepted were Secretary of the Treasury Joaquin Saénz, Secretary of Justice Carlos Saladrigas, Secretary to the Presidency Emeterio Santovenia and Secretary of Public Instruction Jorje Manach. All are members of the ABC which has become increasingly critical of President Mendieta's policies and of his failure to act vigorously enough to suppress terrorism. In a statement issued on June 26 President Mendieta declared that "the crisis provoked by the ABC has been solved with the greatest harmony between this faction and the government. The government feels that the retiring group will continue to be friendly, and, although the ABC has withdrawn its collaboration, I believe this to have been the result of internal matters in the organization."

What is regarded as the first step toward the creation of a Cuban bank of issue was taken on June 2, when President Mendieta issued a decree

placing restrictions on the exportation of funds from Cuba. The decree provides that proceeds from the sale of Cuban products shall be brought to Cuba within three months, and in case of violation the exporter will be considered as having exported such funds, thereby making himself liable to punishment as provided by the decree. Other provisions regulate and limit the issue of foreign drafts by Cuban banks; for example, they limit to $500 the amount of money which either Cubans or foreigners residing in Cuba may take out of the island, and also to $500 the amount of money which they may receive when abroad for personal or business expenses. A 10 per cent tax is imposed on all funds withdrawn by nationals or foreigners residing abroad who obtain their livelihood from properties or money invested in Cuba.

Under this arrangement American-owned sugar companies, which probably constitute a majority of those in Cuba, can no longer ship sugar to the United States and allow the proceeds from its sale to remain in their main offices in New York. The restrictions on the exportation of funds will also affect many Spaniards who have been sending their savings to Spain. The decree, coming so soon after the abrogation of the Platt Amendment, which authorized the United States to intervene in Cuba, is regarded by some observers as indicating a policy of economic nationalism on the part of the Cuban Government.

As a result of the decree all Cuban banks on June 4 refused to issue drafts or to effect exchange operations, thus declining to accept the responsibility implied in the decree of June 2. This action was criticized by Secretary of the Treasury Martínez Saénz as "an unjustified lock-out, damaging Cuba's internation credit." He said that the law h "nothing in it to hamper normal bu ness transactions or credit," and jus fied it "because of the threat of ce tain American bankers to withdra from Cuba all American currency b cause of recent legislation affecti gold and silver."

Financial observers, on the oth hand, were skeptical concerning th anticipated benefits of the law. The pointed out that the total money ci culating in Cuba at present does n amount to more than $50,000,000, c which half is Cuban gold and silve and of this sum not more than $6,000 000 is gold. With such a small re serve of gold the creation of a ban of issue would, it is believed, mea financial disaster to Cuba. Further more, the effect of the new legisla tion, contrary to the objects of th administration, will be to force ou United States currency by the cur tailment of operations by America capital which now dominates th island. This anticipated flow of Unite States currency from Cuba cannot b prevented.

A recommendation that the Cuban Government should not regard as valid certain loans, amounting to about $60,000,000, that were contracted during the administration of former President Gerardo Machado has been made by a Cuban committee that was appointed in April to study public works financing. In making this fact public on June 19, Emeterio Santovenia, Secretary to the Presidency, announced that the loans on which the committee disapproved payment were those held by American bondholders which were floated by the Chase National Bank, the National City Bank of New York and the Continental Illinois National Bank and Trust Company of Chicago.

Frequent acts of terrorism in Cuba during June came to a climax on June 15 with the explosion of a bomb at an official luncheon. President Mendieta was slightly wounded, ten other persons were injured, including Secretary of Communications Gabriel Landa, and two naval men were killed. The Chief Executive credited one of these with saving his life. On June 17 the guerrilla political warfare was marked by a more than usually bloody episode when machine-gun bullets, fired into the ranks of 30,000 paraders of the ABC secret political society, killed twelve persons, including three women, and wounded fifty-one others. The attack on the marchers was reported to have been made by radical gunmen who were sworn to break up the ABC demonstration.

An embargo on arms and munitions shipments to Cuba was proclaimed by President Roosevelt on June 29 in the hope of ending bomb outrages.

THE NICARAGUAN CANAL TREATY

A movement to abrogate the Bryan-Chamorro Treaty between the United States and Nicaragua for the construction of an interoceanic canal through Nicaragua has been initiated in the Nicaraguan Congress. The justification for this movement is that the treaty is not in accord with President Roosevelt's good-neighbor policy, and includes provisions that are odious to both Latin America and the United States. Furthermore, without abrogation of the treaty, it is argued that a Central American Union is impossible, since the republics adjacent to Nicaragua cannot join in the concessions granted by that country in the treaty.

Unrest in Chile

By HENRY GRATTAN DOYLE
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UNCERTAIN political conditions in Chile culminated in June in a minor but perhaps significant agrarian revolt.

Reference has already been made here to improvement in economic conditions in Chile under the present administration. Foreign trade has increased, export figures for 1933 showing a gain of 21 per cent over 1932, with copper and nitrate, Chile's most important mineral products, leading the advance. Production of copper as compared with 97,500 tons in 1932 was 156,500 tons in 1933; for the first four months of 1934 it was 65,000 tons, an increase of 24,000 tons over the corresponding months of 1933. Coal and gold production has also increased. This year's harvests are expected to be good, but not equal to those of 1933, the highest ever recorded. A favorable trade balance, a balanced budget and definite improvement in the employment situation are other factors in Chile's economic recovery.

A dispatch from Santiago on June 9 reported that the government's gold placer mining projects and its public works program had practically ended unemployment. Since March 1 the

remaining 39,000 of Chile's unemployed, once numbering about 200,000, are said to have been absorbed into these two branches of the government's recovery program. Of this number, according to the Department of Labor, nearly 18,000 have been employed in the gold placer activities and 21,000 in public works. Creation of camps for Chile's 43,000 child vagrants is under consideration, with proposals for vocational education of these minors in farm and seashore camps. Exchange control still hampers foreign trade, and Chile is still in default on interest payments on her foreign debt, but even here, according to the Central Bank report for June, progress is being made toward resumption of sinking fund and interest payments on a much reduced scale. A Soviet commercial delegation is in Santiago to discuss plans for exports to Russia of Chilean copper, hides and wool.

Naturally, the recovery measures of the government have not been without opposition. Alleged Leftist economic tendencies in the government's program have aroused concern in conservative groups of industrialists and business men. On June 11 a five-day convention of 600 delegates of these groups opened in Santiago under the presidency of Jaime Larráin García Moreno, with a platform based upon four points: Elimination of State interference and competition with private commercial initiative; revision of the tax system; revision of social legislation charges on industry, and permanent organization of the commercial classes.

In his keynote speech Señor Larráin called for a national economy based upon representation of all groups, which would "consider private initiative the most useful instrument of production" and intervene in production only when private initiative failed. Governmental operation, direct or indirect, of print shops, chemical laboratories, foundries, steel plants and communications was particularly criticized by the delegates. The conference also attacked the heavy expense of social legislation as reflected in taxes. Its deliberations culminated in the organization of a Confederation of Producers and Merchants and a National Economic Council. The latter is to be the executive body of the former, to propose tax legislation, to be an independent adviser to the government on the coordination of industry and commerce, and to establish standards of production costs, salaries and prices.

At the other extreme, the government has faced opposition from radical groups, especially from Colonel Marmaduque Grove, the stormy petrel of Chilean politics and long a political opponent of the President. Jailed for alleged participation in a plot to bring back Carlos Ibáñez, the former dictator, Colonel Grove, a Chilean by birth but of Irish descent, conducted from his cell a political campaign which in April won him election to the Senate and a legal campaign which gained him his freedom by a Supreme Court decision. As a reaction against this success on the radical side, and alarmed by bombings of the homes of three administration supporters and of the newspaper plants of *El Mercurio* and *La Nación*, both of which support the President, the Republican Militia, or White Guard, on May 7 issued a warning threatening reprisals if further bombings occurred.

The Milicia Republicana, organized secretly after the downfall of former President Ibáñez, claims 50,000 members pledged to the maintenance of order and support of constitutionally elected governments. It has been com-

paratively inactive since President Alessandri took office. Its warning was followed by a call issued by the Chilean Fascist party on May 10, convening a mass meeting to plan extension of the party's activities throughout the country. Declaring support of no one political group, the Fascists, numerically much smaller than the Republican Militia, called on the people to "put aside political differences and unite to save the republic from disintegration and economic ruin," and pledged themselves to "place a firm barrier in the way of extreme Left leaders, whose excessive demands seriously menace the republic." Communist and Socialist groups promptly protested against the warnings of the Republican Militia and the Fascists, which they termed a revolutionary threat to the government, and demanded protection for themselves and their followers. Announcement by the President that no extralegal activity was contemplated by the former groups allayed the tension, temporarily at any rate.

The agrarian revolt, already mentioned, broke out in the last week of June in the upper mountain valleys of the Andes, in territory once held by the famous Araucanian Indians. About a thousand farm workers, members of the Ranquil agricultural colony, revolted, allegedly as the result of Communist agitation. Their leader was a schoolmaster named Leiva, of Argentine birth, who had been in Chile since 1925, and who has been reported killed by the carabineros, or national constabulary. A hundred Mapuche Indians were reported to have joined the revolt.

Attacks on mining camps and farms and the killing of ranchers and farmers characterized the advance of the rebels toward the town of Mulchen, during which they ravaged the territory from Ranquil to Jauja. The government forces, under the command of General Arriagada, with headquarters at Mulchen, at this writing plan to prevent the rebels from proceeding further north and to compel them to surrender or retreat into Argentina. The rebels are reported to be well supplied with modern weapons and ammunition, which, according to government spokesmen, they have been acquiring over a long period with money received from the Communist headquarters in Montevideo. Intense cold, with wind and snowstorms, added to the topographical difficulties of the region, have hampered the government forces.

Colonel Grove returned to Santiago on July 3 after a speaking tour through the southern provinces, during which he was prevented by the constabulary from making a speech at Talchahuano, where labor groups have declared their sympathy with the rebels. He did not include the directly affected region in his tour. All public meetings in the southern provinces are reported to have been prohibited. Government statements have been conflicting as to details, but consistently express confidence that the revolt will be speedily put down, a confidence which may or may not be justified.

THE CHACO

Hopeful reports regarding the outlook for peaceful settlement of the Chaco conflict were cabled to *The New York Times* from Santiago de Chile on July 3. Factors in support of this attitude were the renewed activity of the ABCP countries (Argentina, Chile, Brazil and Peru) and a joint peace proposal by Peru and Colombia, which Costa Durels, the Bolivian delegate to the League of Nations, announced in Geneva was acceptable to his country. As evidence

that important developments were under way, the dispatch called attention to the return of. Carlos Calvo, Bolivian Minister to Brazil, to Rio de Janeiro with instructions, the unexpected return of the Chilean Ambassador to Brazil to Rio de Janeiro, and the raising of Peru's diplomatic representation in Brazil from a legation to an embassy. On June 16 it had been reported that Jorge Prado, the Peruvian Minister to Brazil, had conferred with Cavalcanti Lacerda, the Brazilian Foreign Minister, regarding a plan for renewed ABCP activities.

On June 16 the Chaco warfare entered upon its third year, hostilities having begun on June 15, 1932, with the capture by the Bolivians of Fort Pitiantuta. A Paraguayan summary of two years' operations claimed that 45,000 Bolivians had been killed or died of wounds, and that among the prisoners captured were 13,000 privates, 1,800 non-commissioned officers, 509 lieutenants, 31 captains, 23 majors, 3 lieutenant-colonels and 2 colonels. Forts and entrenched positions captured numbered 103, with enormous quantities of munitions and medical supplies, 1,850 machine guns, 23,000 rifles, 31 cannon, 2 tanks, 2 flame-throwers and 234 motor trucks. A Bolivian statement claimed that Paraguay had lost 40,000 men in the two years, Bolivia only 20,000. Argentine reports set the Paraguayan losses at 20,000 killed and 20,000 disabled.

Toward Indian Home Rule

By JOHN RAWDON

POLITICAL news from India has been sparse and uninformative for many months, but developments which have gone on under the surface seem likely, at last, to bear fruit. The lack of sensational events since the third Round Table Conference has been a happy augury for the peaceful working of the new government. At the same time the collapse of the National Congress party's civil disobedience movement, shown by the continuous decline of the number of "political prisoners" toward the vanishing point, cannot be said to presage the disappearance of the party and its demands for home rule.

The failure of non-cooperation has resulted in a revision of the Congress party's tactics which has been widely welcomed throughout India. Some of its influential leaders have asked Gandhi to approve of their wish to seek nomination in the elections for the Indian Legislative Assembly which are expected to be held in the Fall of this year, and his reply was emphatic and typical. He said that he welcomed the revival of the Swaraj (Home Rule) party and the decision to take part in the election, and declared that civil disobedience should be left to him alone, since he was the person "most versed in its science." Few people would wish to deny the importance of the part which has been played by Gandhi in India's constitutional development. Even in his most intransigent moments he has exercised a moderating influence on the extremists in his own party; and his declaration that, although he did not intend to enter the Assembly himself, he would always be ready to assist the Swaraj party is

welcomed not only by his followers, but by many of his opponents.

The action of the Congress party leaders and the suspension of civil disobedience were formally endorsed by meetings of the working committee of the Congress party toward the end of May. This resulted in the withdrawal of the government's ban on meetings of the party, and left it with full scope for the election campaign which will be conducted through its offshoot, the Swaraj party.

The adoption of constitutional means by the Congress may vitally affect the details of the new Constitution, and the important question which has now to be faced is whether the views of a Conservative Parliament in England can be brought sufficiently into agreement with those of the new Legislature in India to produce a mutually satisfactory constitution. During June the working committee of the Congress decided that one of the chief planks in its platform would be the rejection of the White Paper, issued in March, 1933, which contained the government's preliminary proposals.

Another source of possible disagreement is the "communal award" made by Prime Minister MacDonald at the request of representative Indians in view of their failure to reach an agreement on the respective representation in the new Legislature of the various racial and religious groups. The idea of separate electorates is very distasteful to many Indian Nationalists, but the Congress cannot afford to antagonize the minorities, particularly the Moslems. There has consequently been much disagreement within its own ranks, and the official party statement drawn up by Gandhi, which was extremely non-committal, so upset Pandit Malaviya and M. S. Aney, titular president of the Congress, that they immediately tendered their resignations, and Gandhi only with great difficulty persuaded them to return. Consequently the Congress may in the end find it more expedient to accept the award than to oppose the government on a ground where it has no more constructive proposal to make.

Meanwhile the progress in London of the joint select committee of Parliament charged with the study of the Indian Constitution preparatory to the introduction of the Constitution Bill has been sèverely hampered for two months by Winston Churchill's accusations that Sir Samuel Hoare, Secretary of State for India, and Lord Derby had improperly persuaded the Manchester Chamber of Commerce to alter its evidence. The report of the Committee of Privileges of Parliament entirely exonerated them and declared that the joint committee was not, as Mr. Churchill asserted, a judicial committee. If Mr. Churchill's charges had been upheld, the effect on Anglo-Indian relations might have been disastrous and the government would have been placed in an exceedingly difficult position. Mr. Amery said in Parliament on June 13 that Mr. Churchill's motto was *Fiat justitia ruat coelum,* or, in a free translation, "If I can trip up Sam [Hoare], the government's bust."

Mr. Churchill's little game has been scotched, and the positive damage done amounts merely to an unfortunate delay in the Indian Constitution. But his attitude is symptomatic of the Diehard divergence within the Conservative party from the official views of the government, which seems likely in the end either to drive the whole party into more reactionary channels or to split it in two.

MOSLEY'S BRITISH FASCISTS

Sir Oswald Mosley's black-shirted Fascists forced themselves very vio-

lently on British public attention by their conduct at a meeting held on June 7 at Olympia, a large arena in London usually used for sporting events. Sir Oswald's speech was continuously interrupted by organized heckling, but as each interrupter arose to deliver his protest he was seized by several Black Shirts, beaten and thrown out. The brutality of the Fascists on these occasions has been well attested, and several unimpeachable witnesses have declared that after the hecklers had been removed from the body of the hall they were, in the words of Gerald Barry, who broadcast a description of what he saw, mercilessly kicked and horribly handled. Sir Oswald, who later broadcast his view of the happenings on the same occasion, said that the "Reds" who had interrupted him carried razors, iron spikes and bludgeons, but Mr. Barry and others said they had seen no evidence of this.

The freedom of the individual on private premises from police interference has always been a cardinal point of British liberty, as is very clearly shown by the strong opposition to the extension of the system of search warrants proposed under the Sedition Bill. The bill, now considerably revised and liberalized, makes provision against attempts to seduce members of the armed forces of the Crown from their duty or allegiance. It is directed at the distributers of subversive literature (chiefly Communists), but was originally so drawn that by an overzealous magistrate it might have been applied against almost any one of liberal or pacifist views. Even in its revised form, however, it does not satisfy its critics.

The difficulties of applying similar principles regarding private property to these two cases are obvious, and the constitutional point will have to be settled, as it usually is in Great Britain, on practical grounds. While Fascists will still, like other parties, retain their right of freedom of speech, it now seems probable that the government will adopt measures to prevent the repetition of such scenes as those which occurred at Olympia.

Although the British Fascists have succeeded in attracting so much public attention, they have as yet no representation in Parliament, and the advocates of constitutional forms have been taking heart from the results of by-elections. While the Conservatives have lost votes, the tendency has been to return to the relative proportions of votes given to the three main parties in the election of 1929, when the Labor party formed a minority government. The extreme parties on the Left and Right have not gained. This was shown in the election at Merthyr Tydfil early in June, when the Labor candidate successfully withstood the opposition of Communist and I. L. P. candidates, as well as of the more orthodox Liberal. Many members of the Labor party welcome this tendency not only because it leaves them in a strong position, but because they do not wish to take office as a result of any general election within the next two years. They would rather see the Conservatives remain in office with a small majority, so that Labor would be able to weld itself once more into a coherent Parliamentary party before it again undertakes to form a government.

BRITISH POST OFFICE PROFITS

The phenomenal profits of the British Post Office, amounting to about $62,000,000 in the past year, are to be turned to account in various ways. In the past the Post Office has been under close Treasury control, and all its earnings have been returned di-

rectly to the national Exchequer. This has naturally tended to reduce initiative on the part of the technical and clerical staff and has been somewhat detrimental to the service rendered, which, nevertheless, has reached an exceptionally high level. The resultant criticism from both Conservatives and Socialists has persuaded the government to limit the profit which may be taken by the Exchequer to £10,750,000 a year, and at the same time to free the Post Office from some of the centralized and bureaucratic control which hampered it.

A large part of the profit made by the Post Office is being disposed of this year in the form of a considerable reduction in the cost of telephones, which are, like the telegraphs, a Post Office service. This is financially justified by the fact that the surplus of the telephone division rose from £409,521 in 1932-33 to £1,428,000 in 1933-34, as well as by the expected increase in the number of customers. The telegraph service, as usual, showed a deficit, but it was reduced to £641,000 from the £838,000 of the previous year. The continued deficit has resulted in demands for the abolition of the special rates on press telegrams, which are alleged to be uneconomic.

France Prepares for the Worst

By GILBERT CHINARD
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WHETHER the danger is real or not, it cannot be denied that the French have been living for more than a year under the constant apprehension of foreign invasion and that they do not consider either the League of Nations or the disarmament agreements as real guarantees of peace. Here lies the real strength of Premier Doumergue's coalition government. Recognizing these fears, it is taking energetic steps to strengthen France's military and diplomatic position. One of M. Doumergue's most effective arguments in his periodical calls for national unity is based on the fear of foreign aggression. This plea has been all the stronger because of the publicity given to the scarcity of recruits who can be called to the colors during the next four years—a scarcity due to the low birth rate during the World War.

To allay the nation's fears, the Cabinet has adopted extraordinary measures, of which the most important is the virtual reversal of foreign policy. In a long speech before the Chamber of Deputies, Foreign Minister Barthou, himself a diplomatist of the old school, outlined for France a return to the old policy of friendship and alliances as a result of his visits to Yugoslavia, Rumania and Poland. More sensational, of course, is the new friendship with the Soviet Union. It may be said, in fact, that M. Barthou's stiffer attitude at Geneva, as well as his success in forging anew the old chain of alliances, has done more than any single internal measure to strengthen the Cabinet.

Because the Deputies realize that France is, on the whole, supporting the Premier, the government received a large and almost constant majority

in the Chamber in the June divisions. The appropriation of more than 3,000,000,000 francs for national defense was ratified without difficulty, although half the sum had already been spent without parliamentary authority. This was an emergency appropriation and was allocated as follows: 1,275,000,000 francs for the equipment and strengthening of the eastern frontier; 875,000,000 francs for fuel stocks for the navy, and 980,000,000 francs for the air force. The Premier, War Minister Pétain and Air Minister Denain urged the necessity of this expenditure as a result of the menace created by Germany's rearmament. Even former Premier Chautemps, who retains his leadership of the Radical-Socialist party in spite of incessant attacks from the extreme Right, indorsed the government's action in using these funds before they were legally made available by Parliament.

When certain Socialist Deputies insisted that France should put her faith in the League of Nations and in protective treaties, Premier Doumergue replied somewhat more sharply than usual: "Conferences signify nothing to me. The government has made its inquiries, and this is not the time for philosophical digressions." The Chamber was of the same mind and expressed its confidence in the Cabinet by a vote of 472 to 120. M. Doumergue denied, however, that the government intended to resort to dictatorial measures by extending the duration of military service without consulting the Chamber, but he refused to say that such a step would not become necessary. He simply promised that in case of emergency he would call Parliament together, although he had, in fact, the right to summon 500,000 men for service without consulting Parliament.

While the Deputies are in the main united on foreign policy, they are still divided on financial questions and on constitutional reform. They resent particularly the Premier's persistent refusal to accept any amendment or change in the Cabinet measures submitted to them for approval. The fight over the Fiscal Bill promises to be bitter, as a government-inspired motion ruling out amendments was carried by a vote of only 326 to 241. This proposal to limit parliamentary freedom once more stirred up the old divisions, and the Premier was constantly interrupted.

The parliamentary commission of inquiry into the rioting of Feb. 6 ended its work on June 6, after a tedious and inconclusive investigation. By 12 votes to 10 the police, the Republican and the Mobile Guards were absolved of guilt in firing on the mob. On the other hand, the commission unanimously declared that the National Union combatants had not opened fire upon the police, and added, as an afterthought, that the police had not fired on the veterans either. By a vote of 12 to 6, however, the commission maintained that with better organization of the services responsible for maintaining order, all shooting could have been avoided. It evidently attempted to satisfy both the veterans and the defenders of the Radical-Socialist party, which is held to blame in some quarters for the strong-arm measures that were used to quell the disorders.

No less tedious were the hearings held by the commission on the Stavisky affair, the only interesting episode being former Premier Chautemps's defense of his policies. Although the press continues to publish stenographic reports of the commission's sessions, the public has evidently lost interest and the indigna-

tion aroused by the first disclosures is perceptibly diminishing.

While Paris remains comparatively quiet, despite the violent articles published daily in the Socialist and Communist press as well as in the papers of the Right, the extent of disturbances in the provinces is causing real concern to the government. Communists in Grenoble, on June 10, attempted to prevent a lecture by Deputy Philippe Henriot, and 500 gendarmes and Mobile Guards were needed to re-establish order. Riots occurred in Toulouse on June 17, when local Socialists broke up a banquet of the Young Patriots attended by two Paris Deputies, Pierre Taittinger and Georges Scapini, both of them prominent in veterans' organizations; 150 persons were injured seriously enough to need hospital treatment and 250 were arrested. Two days later 16 persons were seriously hurt in a clash in Lyons between Communists and members of the Solidarité Française. Disturbances of the same kind took place at Lille, Cambrai and Roubaix.

In all these cases the rioting grew out of meetings held under the auspices of the Croix de Feu, Young Patriots, or other Nationalist organizations whose leaders are taking advantage of the truce proclaimed by M. Doumergue to push the sale of their newspapers and promote their programs. The membership of the Croix de Feu now includes not only veterans who were decorated at the front but their sons and remote relatives and probably even mere sympathizers with the movement. Although Colonel de la Rocque, chief of the Croix de Feu, is the brother of the right-hand man of the Duc de Guise, the French Royalist pretender, the organization denies any intention of overthrowing the republican régime and of advancing the royalist cause.

The fact remains, however, that on several occasions the Croix de Feu has demanded certain reforms and threatened the government with action if they were not speedily accomplished. To this must be added the fact that the newspapers of the Right are unrelenting against such prominent Radical-Socialists as Chautemps, Daladier and Eugène Frot, who are held responsible not only for the laxity displayed in the Stavisky affair but also for the tragic events of Feb. 6. Members of the extreme Left of the Radical-Socialist party, as well as Socialists and Communists, violently denounce these tactics as a preparation for a Fascist coup.

A new organization called the Common Front has been recently formed to counteract the Nationalist and patriotic societies. Its leader is Gaston Bergery, a former Deputy, who left the Radical-Socialist party when M. Herriot agreed to become a member of the Doumergue Cabinet. The members of the Common Front have adopted as their party emblem a red arrow pointing upward on a white field, and as their salute the raised right arm with clenched fist. They are characterized by the *Temps* as the "Red Fascists."

It is worthy of note that the disturbances which have arisen in the provinces do not seem to have been spontaneous. In all the cases already mentioned the occasion was the visit of some speaker from the outside, and the number of participants in the riots was comparatively small. So far the agitators have not succeeded in creating real and general unrest, but they do fan the fire of political passions, keep up bitter controversies in the press and wage poster wars. Although several foreign observers have pointed out that the existence of such conditions led to the establishment of a dic-

tatorship in Germany, most of them agree that fascism is unlikely to grow in strength in France in the near future, especially as no popular leader for such a movement is now in sight.

Contrary to expectation the gold exports which were anticipated did not materialize, and during June the gold reserve of the Bank of France continued to rise. This was attributed not only to a return flow of capital from London to Paris but also to the depositing of hoarded money in the banks, because of the growing confidence of the public in the stability of the government. Inflation continues to be discussed, but more as an academic question than as a near possibility. The high cost of living remains one of the chief preoccupations of the public, although retail prices have slightly declined.

BELGIAN CABINET CRISIS

Young King Leopold experienced the first Cabinet crisis of his reign when the coalition Ministry of Count de Brocqueville was defeated over the new Tax Bill in the Belgian Chamber on June 6. Although represented in the Cabinet, the Liberals voted with the Opposition. After difficult and prolonged negotiations, Premier de Brocqueville succeeded on June 12 in forming a new government, which does not differ essentially from the old one. Two new Ministers without portfolio were appointed—Senator Ingenblenck, as Reporter of the Budget, and Paul Van Zeeland, Vice Governor of the National Bank of Belgium. The Finance portfolio was accepted by M. Sap (Catholic), and M. Jaspar succeeded Paul Hymans as Minister of Foreign Affairs.

In some quarters it is thought that the new government will be less intimate with France than its predecessor, but the retention of Defense Minister Devèze was an assurance that the construction of the eastern system of fortifications would be continued. The financial policy of the new government reflects the sentiment of the country as a whole in strongly opposing monetary inflation. Everything, in fact, indicates that Belgium will remain on the gold standard.

Belgium's linguistic problem, which for many years has been a source of disagreement between the northern and southern provinces, seems to have been satisfactorily settled for the time being. A new law adopted at the beginning of June provides that in all the Walloon provinces—Hainaut, Liége, Luxembourg, Namur—and in Nivelles French will be the only language recognized in the courts of justice and for admission to the bar. Flemish, on the other hand, will become the only official language of the courts in the provinces of Deux Flandres, Anvers, Limbourg, in the arrondissement of Louvain in Brabant and in certain rural districts around Brussels. The magistrates of the local courts will no longer have to qualify in both languages, and only a few of the judges of the Superior Court of Justice will be required to have such knowledge. The law, which includes many provisions for exceptional cases, was adopted by the Chamber of Deputies by a vote of 82 to 55, the Walloon Deputies abstaining or being absent. On the whole, the law may be considered as a victory for the Flemish element, but it proved acceptable to both sides and the debate centred only on the few communities around Brussels in which the situation was particularly delicate. It is generally believed that the new law will do much to promote better feeling throughout the nation.

Nazi Against Nazi

By SIDNEY B. FAY
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THE closing days of June, just twenty years after the Sarajevo assassination which enkindled the World War, witnessed another brutal shedding of blood, this time to preserve the authority of Chancellor Hitler against a revolt from radical, selfish and undisciplined elements in the Left wing of the Nazi party. Within a few hours probably at least sixty persons were summarily murdered without trial, forced to commit suicide, killed "in resisting arrest," or lined up and shot after farcical "trials" which lasted hardly three minutes each. The cause of this reign of terror was alleged to be the discovery of a plot on the part of Storm Troop leaders to defy the authority of "The Leader" (Hitler) and to seize power for themselves. The victims included some of the highest Nazi officials, like Ernst Roehm, commander of the Storm Troops and member without portfolio in Hitler's own Cabinet, and General von Schleicher, a former distinguished high army officer and predecessor of Hitler as Chancellor.

This orgy of bloodshed tore apart the thin veil of propaganda which has represented everything as having been happily and harmoniously coordinated and unified in the Nazi Totalitarian State. It revealed discontent and dissensions which, steadily growing in recent months, resulted in low rumblings which for weeks had alarmed close observers of internal developments within the Third Reich. People began to ask whether Hitler could satisfy all the conflicting promises he had made with such prodigality to win followers to help put him into power, and if he could not, would he be able, by propaganda, by the prestige of his past successes, and by his personal popularity, to maintain his dictatorial control.

That Hitler's position was becoming more and more precarious was partly owing to his nation's external difficulties. The fact that was growing increasingly obvious was that Germany was more than ever diplomatically isolated, as Russia drew nearer to France and as M. Barthou's trip through Eastern Europe consolidated the support of the powers which follow the French lead. This diplomatic isolation Hitler sought to offset in the second week of June by his visit to Mussolini at Venice. Then, too, there was the steady decline in German exports, which increased Germany's difficulty in buying the raw materials which she needed for her reviving industries, and which finally made her declare that she could no longer pay any interest on her foreign obligations—not even on the Dawes and Young Plan bonds, which were supposed to be safeguarded by special guarantees. And again there was the failure to make any progress in the disarmament problem. But the main dangers which threatened Hitler and the Nazi State came from within Germany herself.

Signs of discontent among the Left

followers in the Nazi party, and consequent efforts on the part of Hitler and Goebbels to forestall or divert it, began to appear as far back as six months ago.

On the fourteenth anniversary of the founding of the National Socialist party, on Feb. 25, Hitler required more than 1,000,000 Nazis throughout Germany to take a new oath of unswerving loyalty to himself and unconditional obedience to himself and to the leaders designated by him. The renewed oath was intended to emphasize the principle of leadership, but it was also an effort to cement more firmly the bonds to himself, which were already becoming somewhat weakened by rivalries and jealousies among his subordinates. It was to make clear that Hitler was still the absolute dictator in the party, and that any disobedience to him would be treasonable disloyalty. To a foreign correspondent he felt it necessary to declare on March 30 that "it would be nothing short of an insult to think any men who have stood with me year after year are being animated by any desire to supplant me."

Meanwhile, however, for protection of the State there had been organized, under the direction of Hermann Goering, a secret State police. Its creation caused some suspicions in the minds of moderates that everything was not as serene and safe for the Totalitarian State as propaganda tried to make the public believe. Goering tried to reassure people by stating that "he who is of good-will has nothing to fear from the secret State police"; but he did not deny that mail was being opened, telephones tapped and disaffected persons being shadowed.

In March Goebbels began an active campaign against all "grumblers, critics and kill-joys." Day after day his Berlin paper, *Der Angriff*, attacked these "undesirables," whose existence was frankly admitted, and who were warned that they must show proper enthusiasm and devotion to the men who had liberated Germany and created the Third Reich.

At the same time the stubborn resistance of the traditional Protestants against the authority of the Nazi Reich Bishop, Dr. Mueller, and the growing determination of the Roman Catholics to defend the rights accorded to them by the Concordat showed that there was an increasing number of moderate men of sturdy conscience who refused to be regimented in matters touching spiritual life and church polity.

By far the most important premonition of trouble was the courage with which Franz von Papen, the Vice Chancellor, spoke out in ringing words against the weakness and rottenness which pervaded Germany under a régime of censorship and irresponsible subordinates.

Speaking on June 17 to the students of Marburg, which is one of the smaller and more conservative universities, von Papen began by referring to the fact that he was standing on a site "dedicated to the search for truth and freedom of thought." Then he went on to say: "Voices demanding that I take a clear position toward contemporary events in Germany in the prevailing situation in the Reich multiply and are becoming more urgent. * * * I have no intention to avoid this duty." His sincerity and feeling were deepened by the fact that he is a Roman Catholic and for months has been trying in vain to bring about a more friendly relation between the Vatican and the German Catholics on the one side and the more fanatical Nazis on the other. Some of the paragraphs in his speech were a clarion call for reform, however greatly at

variance with the régime of regimentation personified by Dr. Goebbels.

Von Papen frankly admitted that defects have appeared in "all the domains of our life," in part because of the muzzling of the German press. "Rumors and whisperings," he declared, "must be dragged out from the dark. * * * Open, manly discussions would be of more service to the German people than, for instance, the present state of the German press." The former Chancellor then referred to the need for creating a new social order, one which "will rest on universally valid bonds and not merely on adroit domination of the masses." He deplored the anti-Christian tendencies of the Nazi radicals and emphasized need for freedom of conscience. Then, with proper consideration for his audience, von Papen extolled the rôle of the intellectual in modern society, insisting that "everything great comes from the mind even in politics." In conclusion he assailed the terrorism and brutality that have been such prominent features of the Third Reich. "He who threatens the guillotine," said von Papen, "might soonest fall its victim. * * * No organization, no propaganda, however excellent, would be able by themselves to maintain confidence in the long run. * * * Not by incitement, especially of youth, not by threats against the helpless part of the nation—only by a confidential talking it over with people can confidence and devotion be raised."

Remarkable as was this speech in a country overridden by slogans, propaganda, censorship and the frequent rowdyism of Storm Troops and the Hitler Youth, more remarkable still were its reception and effects. Though von Papen had affirmed his loyalty to Hitler and the National Socialist Revolution, he castigated the terrorism typified by Goering and the suppression of freedom represented by Goebbels. To both of these Hitler lieutenants it was gall and wormwood. Though the speech was printed in a few first editions of some German newspapers, Goebbels instantly ordered its suppression. Not content with this exercise of power, Goebbels's paper, *Der Angriff,* carried a cartoon on the front page a few days later which maliciously attacked von Papen.

Whether President von Hindenburg had approved the Marburg speech before von Papen gave it is uncertain. But certain it is that the venerable Field Marshal wired his congratulations to his Vice Chancellor and "best comrade" the following day. The Marburg speech placed Hitler in a very embarrassing position. It threatened a wide-open breach not only in the Cabinet but in the nation at large. It was openly attacked by all the Left Nazis, but it had received the formal approval of the President of the Reich and presumably the secret approval of millions of Roman Catholics, moderates and Right Wing Nazis. It changed Goebbels's drive against "grumblers, critics and kill-joys" from a mere muzzling campaign of intimidation into a debate on fundamentals.

In his embarrassment in trying to prevent a wide-open breach in his government, Hitler adopted a compromise attitude on the Marburg speech. He is said to have admitted the justice of von Papen's criticisms and to have approved its being delivered before a critical audience of students who would be able to understand it, but he also approved Goebbels's order against its publication in the German press because it would mislead and excite the masses. Von Papen is said to have offered his resignation in order to free Hitler from attacks by the radical Nazis, but Hitler did not accept the offer, partly because of von

Hindenburg's close friendship for von Papen, partly because von Papen was believed to have the sympathy and support of the powerful Reichswehr, big business and the old aristocracy, and partly perhaps because Hitler himself had come to incline more toward moderation and the Right and away from the fanatical policies and rowdy outbreaks of Nazis on the Left.

The ferment over von Papen's speech, and the fact that he was not dismissed for it, probably ripened the plans of the malcontents of the Left.

In Hitler's Cabinet, which originally contained more conservative Nationalists than members of Hitler's own National Socialist party, it was inevitable that there should develop sharp differences of opinion in regard to nearly every branch of State policy. Similarly in the National Socialist party itself, which had been recruited from widely differing social and economic groups in response to Hitler's all-embracing promises, there was certain to come a cleavage between the more moderate and the more radical elements. This cleavage had been averted or obscured during the first months of the Nazi revolution by the amazing and almost bloodless success by which power had been won; by the way in which the Leader seemed to unite all groups by the agility of his speeches and idealism of his slogan, "The common good before the individual good," and by the fact that all aspects of life appeared to be undergoing a rapid transformation from which each group hoped that its special interests would emerge with advantage.

But after a year of kaleidoscopic and fundamental changes in economic, political and religious life under national socialism, the expected benefits did not emerge as anticipated. In many respects Germany's difficulties and problems, internal and external, seemed to have increased rather than diminished. This brought discontent and dissension which gradually resulted in a cleavage between Right and Left, that is, one might say, between moderates and radicals.

To the Right belonged the old Nationalist members of the Cabinet, like Baron von Neurath, Minister of Foreign Affairs; Baron von Krosigk, Minister of Finance, and Baron von Eltz-Rubenach, Minister of Transportation, together with Vice Chancellor von Papen, Dr. Schacht, president of the Reichsbank, and Dr. Kurt Schmitt, Minister of Economics. To the Left belonged the more recently appointed members of the Cabinet like Dr. Walter Darré, Minister of Food Supply; Dr. Rust, Minister of Education, and Ernst Roehm, Commander of the Storm Troops and Cabinet Minister without portfolio. Between the Right and the Left, and seeking to preserve harmony between the two wings, were Chancellor Hitler and Dr. Frick, Minister of Interior; both these men, especially Dr. Frick, had stood closer to the Left in the first months of the National Socialist revolution, but both, especially Hitler, had moved toward the Right after fifteen months of office.

Among the great body of the German people, aside from the conservative Junkers and big industrialists, the Right was composed of the upper middle class, Roman Catholics, traditional Protestants, Steel Helmets (war veterans' organization), opponents of the anti-Semitic persecution and the less-audible members of the Nazi party.

To the Left belonged the lower middle class, the small shopkeepers hard-pressed by the big department and one-price stores, a considerable part of the disillusioned young people or-

ganized as the Hitler Youth, and the larger part of the more noisy Nazis organized as Storm Troopers and swollen to some 2,000,000 in number by the admission of many opportunists from among the Social Democrats and Communists.

This division was by no means so hard and fast or clear-cut as the classification might seem to suggest, but it may serve roughly to indicate the two groupings which began to clash on a great many questions. The best organized and perhaps the strongest single element in the Third Reich, the regular army, or Reichswehr, which under General von Blomberg stood apart from factions and ready to support order and prevent civil war, was sympathetic with the Right.

In trade policy the Left had aimed at "autarchy" or economic self-sufficiency, so that Germany should raise all her own food and be independent of other countries in case of war. They secured also an elaborate system of price-fixing and control of agricultural products. The Right desired to stimulate foreign trade—to increase German exports in order to pay Germany's foreign obligations and to buy the raw materials needed for German industry. But the Right found its efforts handicapped by the campaign against the department stores and especially by the persecution of the Jews which resulted in the foreign boycott against German goods.

In diplomacy Hitler's seemingly militaristic preparations had led to Germany's being increasingly isolated. Hitler's withdrawal from the League of Nations, dictated partly by his desire to strengthen himself at home, had made a bad impression among Germany's neighbors and throughout the world generally. When he therefore sought to renew friendship with Italy by his visit to Venice on June 14, and thereby demonstrate to the world that Germany was not so isolated after all, it was rumored that Mussolini insisted that Nazi interference in Austria should cease and advised Hitler to seek an agreement on the disarmament question, rejoin the League of Nations, and get rid of some of the radical members of his Cabinet, like Darré and Roehm. When Hitler returned from Venice it was noticed that for some days, at least, Nazi aggression against Austria ceased. This was irritating to the Left Nazis, who had been most active against Austria. Still more irritating to the Left, and especially to the Storm Troopers, was Mussolini's rumored advice about disarmament, which might mean a reduction of their own numbers, and about Roehm, who was their commander.

In the relations of capital and labor the Left was apparently becoming restless because more had not been done to put into practice the socialistic part of the original Nazi platform. In the new organization of labor which had gone into effect on May 1, the real power, so the workingmen and the Storm Troopers felt, had been given into the hands of the capitalists. With the old trade unions abolished and the power of collective bargaining gone, the workers began to feel indignant that the government's labor and financial policy seemed to be in the hands of such old capitalistic leaders as Dr. Schacht, president of the Reichsbank, Dr. Schmitt, formerly in the employ of a life insurance company, and industrial magnates like Fritz Thyssen, who were believed to have helped finance Hitler into power and who were now exacting their reward from him in the shape of government subsidies, bigger profits and lower wages.

In many respects, if one may accept the figures of the best German statistical publication, the quarterly numbers of the Institut fuer Konjunkturforschung (Institute for Trade Cycle Research), there was a considerable improvement in the condition of the German working people as a whole during the first year of Nazi rule.

But in the campaign to reduce unemployment, work had been spread out among a larger number, so much so in fact that, in spite of the increase of the total payroll, many workers received less than they had been receiving before Hitler came into power. At the same time there had been a slight rise in prices, the cost-of-living index having risen from 117.4 in January, 1933, to 120.9 a year later. Thus, apart from the fact that there had been an improvement in Germany as a whole through spreading work to the unemployed and increasing the total payroll, many workers were receiving less wages and paying more for goods consumed after a year or more of Nazi rule. This meant for them a lowering of the standard of living and inevitably caused growing discontent. Discontent was a fruitful soil into which seeds of revolt might be profitably dropped, so at least Ernst Roehm seems to have thought.

The most important point of dissension between the Right and the Left, so far as the events of June are concerned, was the conflict as to who should control Germany's military forces. Control of the military forces means, of course, in the last resort political control. There were six important military or semi-military organizations, five of which were sympathizers with, or direct supporters of, the Right. Only the sixth, the Storm Troops, represented Left demands. But numerically they were by far the largest force—rather more than all the others put together. These six military bodies, very briefly, were as follows, the numbers of each being only approximate:

1. The Reichswehr, or regular army, permitted by the Treaty of Versailles, numbered only 100,000, but it was by far the most efficient and disciplined force. Man for man, it is probably the most effective and well-equipped fighting force in the world. Like the British and American armies, it is a professional army; that is, one in which the soldiers are compelled by the Versailles treaty to enlist for twelve, and the officers for twenty, years. This gives it a discipline and training far superior to most Continental armies which are based on the principle of universal military service with only from one to three years' training. Politically it was devoted to President von Hindenburg and the old Prussian traditions. But it has stood aloof from parties and confined itself strictly to its business of defending the State, whatever its momentary political complexion, against any possible attacks upon it from within or without. Its head, Werner von Blomberg, an energetic man of fifty-six with a distinguished military record, was a non-party man, though he has been a member of Hitler's Cabinet as Minister of War since its formation.

According to one of the British proposals at the Disarmament Conference, it was suggested that the armies of all countries be given the same basis and period of training, in order that there should be a fair basis for comparing numbers of soldiers in assigning army ratios to each country for its defense. It was obviously unfair to count armies of professional soldiers with long training and high discipline with universal military ser-

vice armies with short training and less efficiency per man. This would mean transforming the Reichswehr from twelve-year service men into one-year service men. It would allow its increase from 100,000 to 200,000 or 300,000 men to compensate by increase in numbers for what it lost in efficiency by reduction in term of service. Germany was ready, under certain conditions, to make this proposed change, and some steps were taken in preparation for it.

If the Reichswehr was to be increased, Roehm and some of his strongly partisan Storm Troop commanders demanded some of the good positions in the Reichswehr expansion to be given to themselves and Storm Troopers of their choosing, as this would greatly enhance their power, prestige and salaries. To this demand the Reichswehr officers were absolutely opposed for reasons of military efficiency as well as on social and political grounds. Hitler and von Hindenburg were also opposed, and refused. Here was one of Roehm's personal grounds of complaint and discontent which may partly explain his alleged "plot."

2. The State and local police, numbering some 150,000, also permitted by the Versailles treaty, were primarily for the ordinary police purposes of preserving internal order. But, like the Reichswehr, they were an efficient military organization recruited by voluntary enlistment for twelve years. As Prussia was the largest State in the Reich, the greater part of the State police were in Prussia and consequently under the control of Goering as Prussian Minister of Interior. They could be counted upon to obey him in supporting Hitler.

3. Similarly the Gestapo (Geheime Staatspolizei), or Secret State Police, organized a few months ago, as mentioned above, was to assure the State against treasonable plots or other internal dangers. It numbered, with the inclusion of plainclothes men, possibly 200,000, and was under the direct control of Goering and ready to support Hitler. Its secret agents and spies, in close touch with waiters, porters, mail clerks, telephone officials and all sorts of eavesdroppers, were in a position to keep Goering well informed of everything that went on behind closed doors in the Reich. It is said that it was through this organization that Goering heard of Roehm's "plot," and then flew from Berlin to the Rhine on June 29 to inform Hitler of it.

4. The Schutzstaffel, or "S. S.," or special protective guard of "Black Shirts," was made up of several thousand selected loyal Nazi followers, chosen for their discipline, their impressive personal bearing and their devotion to the Leader.

5. The Stahlhelm, or Steel Helmets, was an organization of veterans of the World War. They numbered something less than 1,000,000 when Hitler came into power. They held reunions from time to time and marched shoulder to shoulder in their field-gray uniforms as in war time. They had all passed through the best school of military training—that is, actual war, but they had become more of a patriotic social body than a military or even semi-military organization. Their chief was Franz Seldte, a former wealthy Magdeburg soda-water manufacturer, who became Minister of Labor when Hitler formed his Cabinet. Being middle-aged men, well disciplined and experienced in the horrors of war, the Steel Helmets were inclined to moderation and the Right—that is, to support Hitler, and to dislike the noisy demonstrations of the more youthful Storm Troops and Hitler Youth, which too often indulged in rowdy behavior and disre-

gard of the personal rights of others.

For nearly a year there had been frequent friction between the Steel Helmets and the more extreme Nazis supported by the Storm Troops. The latter charged the Steel Helmets with being reactionary in politics and of having monarchist leanings. Several Steel Helmet reunions were broken up by Left Nazis or Storm Troops. In Brunswick last Fall Steel Helmets were besieged and held prisoners in their reunion hall. In June, in a personal quarrel in a small Pomeranian town, a Storm Trooper was knifed by a Steel Helmet man. The affair was given exaggerated publicity in the Left Nazi press and served to increase the hostility between the two organizations. On June 11, as Herr Seldte was returning to Berlin after an address to 3,000 loyal Steel Helmets, he was greeted with hoots of derision by a passing column of Hitler Youth near Magdeburg and a preceding car bearing his guards was stoned. Herr Seldte ordered both cars halted and stepped out into the road only to be met by a volley of insults. Storm Troopers who accompanied the Hitler Youth did nothing to check the insults shouted at the Minister.

Some months earlier Roehm and the Storm Troop Nazis had demanded that in the interests of unification of the Nazi military forces the Steel Helmets should be dissolved and merged with the Storm Troops. In accordance with the totalitarian principle, the Steel Helmet leader, Franz Seldte, finally gave his reluctant consent. But not all the Steel Helmets were actually "coordinated." Some 150,000 of them retained a separate but uncertain existence after their reorganization on March 23 as the National Socialist Federation of German ex-Combatants. Early in June Roehm is said to have insisted to Hitler that they be dissolved. Seldte disapproved and Hitler refused to comply with Roehm's demand. This incident is said to have given rise to an angry scene between the Chancellor and the commander of the Storm Troops, and to have been the beginning of Roehm's determination to use existing discontent and the power of the Storm Troops to advance himself and enforce the demands of the Left Nazis, even in defiance of Hitler and the principle of "leadership" which makes Hitler supreme in the army and the State.

6. The Sturmabteilungen, or "S. A.," or Storm Troops, or "Brown Shirts," formed the semi-military force into which Hitler organized his Nazi followers as he gradually increased his following before 1933. They were largely fed and clothed out of Nazi party funds. Marching with their bands and swastika banners they made an impressive display of Hitler's power. They often engaged in bloody encounters with the Communists. When the National Socialist revolution took place early in 1933 it was the Storm Troops that helped in the violent suppression of the Communists after the burning of the Reichstag building. It was the Storm Troops that were largely the instruments in the persecution of the Jews and the acts of violence against Jewish business men, department stores and foreigners who refused to give the Hitler salute. These acts of violence were often disavowed by Hitler as the irresponsible acts of individuals and as wholly contrary to the Nazi rule of obedience and order. But Storm Troop rowdyism was rarely punished as it should have been, and consequently it tended to increase.

After Hitler became Chancellor the number of the Storm Troops rapidly increased, probably to about 2,000,000, though Roehm claimed that he had

2,500,000 under his command. With the increase in numbers came a decrease in discipline. Their very numbers intoxicated the Storm Troop leaders with a swaggering sense of power. Many of their leaders, like Roehm and Heines, were long suspected of homosexual practices. Others are now said to have lived in immoral luxury through misappropriating the funds entrusted to them. No doubt Hitler should have long ago weeded out these disreputable characters. But he did not do so. Many of them had been among his first followers and comrades, and it was a dogma that early party loyalty should have its appropriate rewards. Moreover, Hitler did not like to face the task of getting rid of old friends and thereby making enemies. Accordingly, many disreputable officers were left in control in the Storm Troops. Their commander, Roehm, was even given a seat last December in Hitler's Cabinet as Minister without Portfolio.

Another change which took place in the character of the Storm Troops after Hitler came to power and suppressed the political organization of the Social Democrats and the Communists was the fact that many of these former enemies of the Nazis gradually sought enrolment as Storm Troopers, and were enrolled in order to swell the numbers of Roehm's force or because the Nazis thought that in that way they could keep a better watch on them. These new adherents were actuated mainly by opportunist motives and the hope of getting on better in the world by seeming to throw in their lot with the new Nazi régime, but at heart they remained more or less Marxian in belief. They resented the destruction of their trade unions and held radical views on the rights of labor as against the capitalists. They tended by their influence to give the Storm Troops more of a swing to the Left and against Hitler, who seemed to them to have sold himself out to the interests of the big capitalists.

Still another factor in connection with the Storm Troops was the Disarmament Conference. One of the things which became increasingly clear as an obstacle to an agreement on armaments was the French objection to the Storm Troops. French and German arguments always came to an impasse in the discussion of the forces supplementary to the regular army. The Germans wanted to count the 6,000,000 French reservists in numbering the French forces and establishing ratios by international agreement, but the French persistently refused. The French, on the other hand, insisted on counting the German Storm Troops, and the Germans replied that they were not really troops in the military sense at all. To avoid this impasse the simplest thing for Hitler would be greatly to reduce or abolish the Storm Troops.

Thus, there seemed to be three good reasons why Hitler should contemplate the reduction of the Storm Troops: (1) They had declined in discipline and some of their leaders, like Roehm, were becoming uncomfortably ambitious in their demands about absorbing the Steel Helmets and acquiring appointments in the expansion of the Reichswehr; (2) the fact that the Storm Troops were supposed to be more or less honeycombed by radical malcontents and by Hitler's former bitterest enemies, the Communists; (3) and the fact that a diminution of the Storm Troops would help improve his diplomatic position in negotiating for a satisfactory solution of Germany's claim for "equality" in the matter of armaments, and thus

pave the way for her return to the League of Nations.

To these three facts were added two official announcements early in June which seemed to give plausibility to the rumor that Hitler was contemplating some such diminution of the Storm Troops: (1) It was stated that Roehm was being given a leave of absence "for reasons of health," and (2) that during the month of July all Storm Troopers were to take a vacation. There were to be no more marchings, celebrations and parades in brown shirts for a month. Fathers, sons and brothers might go on vacation or relax at home with their families. The order appeared to be accepted with a sigh of relief by the greater part of the German people, long surfeited with Nazi drills and showy spectacles. But to Roehm, Heines and a little group of ambitious Storm Troop leaders it may well have looked like the beginning of the end of their power and prominence. They therefore conspired, so it was officially stated, to forestall Hitler's action by seizing power for themselves, hoping to rally to their side the Left elements of discontent under the existing Hitler régime. Such was the background of Roehm's alleged "plot," which Hitler and Goering suddenly crushed in blood on Saturday and Sunday, June 30 and July 1.

In the account of the events which followed on these two tragic days no satisfactory and reliable details were available at the time at which these lines were written. No full list of the dead had been given out by the government authorities; no documentary proofs of the plot had been given to the public; the German press was still under the strictest censorship; and foreign correspondents found it difficult in the mass of rumors to get at the truth and to reconcile the somewhat self-contradictory and very brief official communiqués. It was promised that Chancellor Hitler would make a full statement of the facts to the German people, but up to July 7 he had not done so. Consequently some of what follows may be subject to correction upon fuller and more reliable information.

Roehm left the Brown House Storm Troop headquarters in Munich early in June, as announced, and spent some days for his health on the Dalmatian coast. But he was soon back in Munich or at his country house in Wiessee near by. In Munich he was joined by Edmund Heines, Storm Troop leader for Silesia. Heines soon after the conclusion of the World War was a member of the infamous "Fehme" societies, illegal bands of ex-officers and soldiers who took justice into their own hands. He was once sentenced to fifteen years at hard labor by the Weimar republican authorities for the admitted killing of two suspected traitors within the "Black Reichswehr," an underground association for illegal guerrilla warfare against Poles and French. Later the sentence was annulled. Many German exiles and a few Nationalists within Germany have accused Heines of leading the party which set fire to the Reichstag building. In October he led his Storm Troopers in an attempt to seize Jewish department stores in Silesian cities, but the Reich Minister of Economics vetoed his efforts.

To Munich came also other Storm Troop leaders whom Roehm and Heines thought they could count upon, and communications were opened with others in different parts of Germany. Negotiations were also alleged to have been opened with General von Schleicher in Berlin. Von Schleicher was one

of the old army officers, a man of unusual ability, with a keen interest in politics and even in political intrigue. It was said that he had helped to overthrow first Bruening and then von Papen as Chancellors. He became the latter's successor with the "Monocle Cabinet" for fifty-seven days in the mid-Winter of 1932-33, before he in turn was ousted by von Papen and Hitler. Though belonging by birth and associations to the old Prussian military and landed aristocracy, he was also known as the "Red General" because he wanted to make wide concessions to the economic demands of the Social Democrats, including the breakup of the great East Prussian landed estates to provide small farms for the German unemployed. Though basing his power on the army, he also wanted to give it a broad and solid foundation by resting it as far as possible on the masses of the people, that is, on the Left. There are thus natural grounds for believing in the story of Roehm's seeking the cooperation of von Schleicher.

Another less likely story was the official assertion at the first announcement of the "plot" of Roehm's traitorous dealings "with a foreign power." Rumor naturally suggested the French. But both the French Ambassador in Berlin and M. Barthou, the French Foreign Minister, indignantly protested against any such insulting insinuations. Many of the other powers also protested against any such insinuations unless backed up by good evidence. No such evidence has been forthcoming.

Roehm is also said to have drawn up a list of the persons who would form a Cabinet to replace that of Hitler, and that upon this list were the names of von Schleicher and Erich Klausener, both of whom were later murdered at the instigation or with the acquiescence of Hermann Goering.

On Friday, June 29, Hitler had been in the Rhine region inspecting work camps and making a visit to the Krupps at Essen. In the evening Goering flew to him from Berlin bringing information gathered about Roehm's "plot." The Leader decided to act instantly and decisively. Without a moment's delay he set off from Bonn in an airplane with Goebbels at 2 A. M. on June 30 and arrived at Munich two hours later. According to Goebbels's account in an address on July 1:

> At 4 o'clock in the morning we are in Munich. Dawn has already broken. At the aviation field the Leader receives a complete report of the situation and we immediately proceed to the Bavarian Ministry of the Interior.
>
> Part of the Munich S. A. [Storm Troops] has gone out into the streets during the night, deceived by false and lying words. Their leaders, who have broken their word and their oath of loyalty, are summoned immediately.
>
> In two brisk sentences of indignation and contempt, Herr Hitler throws their whole shame into their fearful and perplexed faces. He then steps up to one of them and rips the marks of distinction from his uniform. A very hard but deserved fate awaits them in the afternoon.
>
> Now there is no more time to be lost. The Leader is determined to go personally to the nest of the conspirators in Wiessee in order to clean it out radically and mercilessly. In addition to his regular S. S. [the Hitler special guard], his faithful comrades, Brueckner, Schaub and Schreck, as well as the Reich press chief of the National Socialist party, Dr. Dietrich and myself are there to accompany him.
>
> At a terrific rate the trip to Wiessee is begun. Nobody is yet to be seen in the streets and the villages are deserted and empty. It is 6 o'clock in the morning. Toward 7 we arrive at Wiessee.
>
> Without any resistance we are able to enter the house and surprise the conspirators, who are still sleeping, and we rouse them immediately. The Leader himself makes the arrest with a courage that has no equal.
>
> I may be spared a description of the disgusting scenes that lay before us.

Roehm was personally arrested by Hitler, deprived of his command, and

left, so it was said, with a revolver and told to draw the consequences, that is, commit suicide. As he did not do so, he was taken to prison at Munich and shot at nightfall. Heines, who was found in a neighboring room at Wiessee, was shot on the spot. One account states that he tried to draw a revolver on Hitler and was shot down by one of the latter's guards. Goebbels continues his narrative:

> Shortly after the arrest the new guard [Roehm's] arrives from Munich to relieve the guards on duty. Herr Hitler steps before them like a man and in one sentence gives them the order to return immediately to Munich. With a "Heil!" salute to the Leader, the guard carries out the command immediately.
>
> Our return to Munich is most dramatic. Often at intervals of a very few minutes we meet automobiles of the S. A. leaders who are going to a meeting of the leaders in Wiessee. Old and faithful comrades among them, who have had no idea of what was going on, are briefly informed.
>
> The guilty traitors involved in the conspiracy are arrested personally by Herr Hitler, who turns them over to his guard.
>
> Reports from all over the country which have arrived in Munich are very satisfactory. The whole action has been carried out without friction.
>
> Then the Leader speaks to the S. A. leaders. His words are a bitter exposure of the small group of arrested criminals who had wanted to grasp the power of the State for themselves in league with reactionary elements and who had not even refrained from establishing relations with a foreign power, with complete lack of consideration for the present situation and for the grave responsibility resting upon the Leader—all in order to bring their infamous and ambitious plans to maturity quicker.
>
> Through a life of unparalleled dissipation they have brought the honor and prestige of the S. A. into discredit. Through their puffed-up airs and revolutionary methods they have openly scorned the laws of our movement, requiring simplicity and moral cleanliness. They were about to bring the whole leadership of the party into suspicion of outrageous sexual abnormality.

Altogether at least twenty-one persons appear to have been executed or murdered at Wiessee and Munich in the suppression of the "plot." Among them were Karl Stuetzel, former Bavarian Minister of the Interior, turned out of office by the Nazis; Richard Scheringer, former prominent Nazi who later turned Communist; Alexander Glaser, a lawyer, who was shot as he turned to reach for his hat; Willi Schmid, music critic of the Munich *Neueste Nachrichten;* Hans von Seasser, aristocratic leader of the Munich State Police; three members of Baron von Aretin's royalist family; and Dr. Fritz Beck, highly respected director of the Student Foreign Exchange Bureau, who had refused to consent to anti-Semitic discrimination in the university at Munich, but otherwise was not actively identified with political parties, so that it is possible that he may have been the victim of a private grudge.

Meanwhile in Berlin General Goering had waited until he learned by telephone that Hitler had successfully crushed all opposition in Munich. Then about noon on Saturday, June 30, his police and special guards swarmed out over the streets placing guards in front of the houses and offices of Cabinet Ministers and proceeding to the "protective arrest" of suspected persons.

Most shocking and alarming was the murder of General von Schleicher and his wife at their villa near Potsdam. It was at first given out that von Schleicher had been killed "while resisting arrest" (a fairly well-known euphemism) and that Frau von Schleicher had been killed in coming to the assistance of her husband. But a later circumstantial account, said to be by an unnamed eyewitness, described the episode as deliberate assassination.

Especially shocking to Roman Catholics was the murder of Dr. Erich Klausener, leader of the Catholic Action group, asserted to have been shot

"while resisting arrest." He had been a friend and right-hand man to former Chancellor Bruening, and had won the Iron Cross, First Class, for bravery during the World War. He was one of the ablest and most respected German Catholics, and almost certainly had nothing to do with any plottings on Roehm's part. The alleged charge against him was that his name figured on Roehm's list of Cabinet appointees as Minister of Transportation; he had been a civil servant in the Prussian Ministry of Transportation when Severing, a Social Democrat, was Prussian Minister.

Three of von Papen's secretaries were killed—Bose, Tschirschky, and Kluge, the last of whom is stated to have gathered material and aided the Vice Chancellor in preparing his Marburg speech. Von Papen's own position remained for many days in doubt. As the close friend of President von Hindenburg it was not safe to kill him, especially as the President had telegraphed from his East Prussian estate at Neudeck to the Reichswehr ordering it to be responsible for von Papen's safety. But after Hitler returned to Berlin, von Papen did not take part in the Cabinet meetings, either because he was not invited or because he would not associate with men whom he held responsible for the death of his secretaries. He offered his resignation, and with the resignation in his pocket Hitler flew on July 3 to Neudeck to report to President von Hindenburg on the general situation. Von Papen's resignation was not accepted at once, presumably out of deference to von Hindenburg's wishes.

Within a couple of days Hitler and Goering appeared to have crushed effectively whatever there may have been in the way of a plot. President von Hindenburg telegraphed to Hitler on July 3: "From reports submitted to me I see that by your resolute operation and your courageous personal action all high treasonable machinations have been nipped in the bud. You have saved the German people from serious dangers. I express to you my deep thanks and gratitude, with cordial regards." And to Goering he sent a similar telegram of thanks and gratitude.

On the same day the Cabinet, presided over by Hitler but with von Papen absent, adopted a law consisting of a single paragraph which by implication admitted that the killings had been illegal: "The measures executed for the purpose of crushing the traitorous attacks of June 30 and July 1 and 2 against the State and the nation are hereby legalized as in self-defense of the State."

In several short statements both Hitler and Goering emphasized that the danger had been averted, that there was no need for further executions and that the people should settle down to a normal life of peace and calm. As if to emphasize the return to normal conditions, the Cabinet proceeded, after legalizing the executions, to adopt some twenty new laws, mostly dealing with ordinary affairs. The "second revolution" was finished. Concessions were made by the Nazi government on several questions which had long been causing trouble and unrest with the hope of bringing about a kind of political truce which would hasten the calm sought by the authorities. At the end of the week, on July 7, as if to symbolize that all was again serene, Hitler left for his Summer home in the Bavarian Alps.

Among the more important concessions and other measures to secure peace was an agreement with the Roman Catholics by which the Nazis promised to postpone for a year all their plans for absorbing completely the Catholic Youth organizations and

labor organizations. This compromise was the result of negotiations which had been going on for several days in Berlin before the sudden executions, and reflected a desire on both sides to defer the question of the interpretation and the application of the Concordat until heated spirits on both sides had had time to calm down.

At a meeting of the Nazi party leaders at Flensburg emphasis was given to the view that the great body of the Storm Troops had been loyal and worthy followers of Hitler and that only a few of the leaders had been guilty of traitorous and disgraceful conduct. Nevertheless, the order of early June (which probably precipitated the crisis) was adhered to, namely, that during July the Storm Troops were to cease all their activities and not wear their brown uniforms. It was generally expected that they would not be disbanded completely at the end of July, but would be reduced to perhaps 20 per cent of their former numbers. Their new commander in place of Roehm, Victor Lutze, was also expected to move the Storm Troop headquarters from the Brown House in Munich to the rooms in the Chancery at Berlin from which von Papen's belongings had been removed to his private house. This change would bring it under closer supervision of the government. Probably also there will be a rigid cleansing of such Storm Troops as are allowed to continue to exist, to make sure that all are loyal party members and thoroughly reputable characters, and also that no Communists and Socialists are allowed to creep in.

In order to deal with the domestic economic situation, Dr. Kurt Schmitt was given powers which virtually made him economic dictator. He is generally regarded as a sound economist of unusual ability and experience. As Minister in Hitler's Cabinet he has long been opposed to the economic persecution of the Jews and to many radical Nazi economic proposals. This seemed to indicate that Hitler had shifted more to the Right and that more moderate policies are to be expected. Unfortunately, Dr. Schmitt suffered a nervous breakdown just before the recent crisis, fainting during a speech, partly from overwork and partly, perhaps, from annoyance that in the past he has often been unable to make his views prevail. Possibly his hope in a new trend to the Right may give him new courage and strength.

In spite of all the difficulties facing the Nazi régime it would appear, as these lines are written, that the Leader, by his energy and summary executions, has triumphed pretty completely over his enemies, and that, though his power is not so strong as before this terrible and bloody revelation of internal opposition, it is still great enough to enable him to hold effectively the reins of government. In fact, by bringing in a new and stricter discipline and by swinging away from excesses of some of his more fanatical and radical followers in the direction of moderation, his power may even be placed on a more solid foundation.

Catalonia Defies Madrid

By WILLIAM E. LINGELBACH
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THE outstanding events in Spain during June arose on the issue of the autonomy guaranteed to Catalonia by the Constitutional Cortes. The Catalan Generalitat in March passed a measure regulating land cultivation contracts between owners and tenant farmers by which the peasants could, after twelve years, become owners of the land they cultivated. On appeal to the Tribunal of Constitutional Guarantees the measure was declared unconstitutional. With this decision Premier Samper stated that his government was in complete accord, adding that under the Constitution the national government alone was charged with land legislation and the regulation of cultivation contracts. Against this the Left, or Esquerra party, of the Catalan delegation in the Cortes protested loudly and withdrew in a body on June 12. Twelve nationalist Basque Deputies also marched out as a protest at the delay of the Cortes in granting autonomy to their country.

The revival of the Separatist movement, though serious, is less dangerous because the Esquerra Deputies in the Cortes constitute a minority of the Catalan delegation. But the government at Barcelona, which as a result of the last Catalan election is controlled by the Esquerra, promptly repassed the rejected measure with an additional article, making it retroactive to the date of its original promulgation in April. Violent denunciations of the national government, which, it was argued, "must now retreat or resort to violence," were uttered on all sides. "We are ready," declared President Companys, "to sacrifice our lives for Catalan autonomy." Crowds of angry demonstrators in Barcelona trampled the national flag under foot in a monster reception to the insurgent Deputies from the Cortes.

Remaining unperturbed amid the excitement, Premier Samper prepared a juridical solution and obtained its adoption by the Cabinet on June 25. It directed the government's agents and officers to reject all land contracts drawn up under the Catalan act, but promised the introduction of a bill in the Cortes which will embody many of the provisions of the Catalan measure in order to satisfy the tenant farmers. A heated discussion in the Cortes revealed clearly that the Premier had the support of Parliament. In the meantime, the termination of the state of alarm which has been in force for some time indicates that the government believes it has the situation well in hand. From the beginning, it has looked upon the precipitation of the Catalan problem as another effort to embarrass the Ministry and force the dissolution of the Cortes. This is also the interpretation the government puts upon the much-talked-of agricultural labor strike earlier in the month.

UNREST IN SPAIN

The strike of the agricultural workers scheduled for June 5 did not ma-

terialize, and the finest crop the nation has had in years has been saved. In protest against the repeal of the law forbidding agricultural workers to leave their villages in search of work, and in the hope of embarrassing the government, the Socialist Federation of Workers of the Soil ordered its 2,000,000 members to go on strike and appealed to another 2,000,000 farm workers of the Syndicalist unions to join them. One of the reasons for the failure of the strike was the prompt and effective steps taken by the government to mitigate the evils of the agricultural situation. In the first place, it issued a decree which declared that harvesting was a public service, and forbade agricultural workers to strike. Then it provided that all workers seeking work be enrolled on the official register, and that employers take only those thus registered. In certain areas where unemployment was particularly bad, and where, for political or other reasons, employers had shown favoritism, they are obliged to employ registered workers up to 50 per cent of the total. As a consequence, though the Socialist press reported large numbers out, only sporadic strikes occurred, chiefly in Andalusia. There some 7,000 refused to work on the morning of June 5, and ten were reported killed in clashes with the civil guard sent out to the wheat fields.

Despite this, the Left-wing press made much of the discontent and circulated sensational rumors of a Right-wing plot to abduct President Zamora and set up a Fascist dictatorship with ex-Premier Lerroux at its head. *El Socialista* warned "militant workers and Socialists to be on their guard against the impending coup d'état." Several of the Opposition journals were taken in hand by the authorities, notably the evening paper *La Voz*, which was fined 10,000 pesetas. In the meantime, the government officially denied the rumors and assured the public of the loyalty of the army to the republic.

Just when public feeling was most tense it was announced on June 6 that General Fernando Berenguer, brother of the last dictator under Alfonso XIII, had been assassinated. In addition came the report of the discovery of a cache of ammunition in one of Madrid's suburbs, implicating the Socialist Deputy, Juan Lozano, who was promptly arrested by the police despite his parliamentary immunity. At about the same time the police of Barcelona arrested twenty-five young Fascists and royalists on charges that they were preparing for an uprising.

The censorship of the press, which had been lifted early in the month, has been restored, and on June 11 the Minister of the Interior issued an order which called for increased vigilance and greatly extended the powers of the police in breaking up demonstrations.

ITALIAN ECONOMIC TROUBLES

Italy's serious economic situation did not improve during June. Times not only are hard but will continue to be so, Mussolini remarked in a recent speech. "We accept hard times," he said; "that is why the people are today offering such a superb spectacle of discipline." The deficit for the fiscal year ended June 30 is more than 1,000,000,000 lire over estimates. This, added to the treasury issue last January of 4,000,000,000 lire in bonds, makes a total excess of $425,000,000 (at current exchange rates) of expenditure over revenue. What is more, an outflow of gold or flight of capital has started. The decline in the gold reserve of the Bank of Italy early in June approximated 1,000,000,000 lire,

and a depreciation of the lira seemed imminent. Determined to prevent this, Mussolini has issued decrees permitting the export of gold only in exceptional circumstances. The budgetary estimates for 1934-1935 indicate that some improvement may be forthcoming as a result of economies and the recent reduction of interest on the national debt from 5 to 3½ per cent.

Foreign trade statistics unfortunately afford no cause for optimism. They show that Italian exports during the first five months of 1934 declined 15 per cent as compared with the corresponding months of last year, and that the imports in the same period showed a drop of approximately 10 per cent. Despite the direct efforts of the government through reciprocal trade agreements, the control of exchange and credit, quotas and other devices, the expected improvement has, as yet, not materialized. On the other hand, it is fairly clear that, without government intervention and support, amid the general economic depression throughout the world, Italian conditions would have been considerably worse. In any case, Italy in her foreign trade relations has adopted a policy of using her imports to secure better terms for her export trade. Imports will, so far as is possible, be taken from countries that will take Italian exports. This in turn has already led to a thoroughgoing regulation of imports by means of import licenses for the basic commodities of wool, copper, coffee and seed oils. Technical commissions have been set up to carry out the regulations, study the situation further, and make recommendations. The commercial treaties recently negotiated are all based on these principles.

The future alone can show to what extent the drastic measures to reduce wages and prices in an effort to bring down the cost of production will remedy the foreign trade situation. According to a dispatch from Rome to *The New York Times* of June 16, internal conditions in general show a decidedly upward trend. Stock market quotations were firm and somewhat higher, especially for Italian industrials. The number of unemployed has been decreasing, partly through seasonal employment and partly because of the resumption of work by factories, the consumption of electrical power having increased steadily in the last two months.

The development of the twenty-two new corporations authorized by the law of Feb. 24 and approved by the Grand Council on May 10 has been proceeding steadily. It will be recalled that it was finally decided to set up corporations of "productive cycles" rather than of "categories"—that is, corporations concerned with the whole process by which, for example, wood leaves the forest to become furniture or building material. The corporations will consist of those engaged in the successive stages, or cycle of production, through which the particular article passes. Employers and workers have the same representation. To these are added experts as advisers, three representatives of the Fascist party and a president selected by the Minister of Corporations. How completely the corporations will assume the ownership of the means of production and distribution is still a matter of experimentation and speculation.

A census of the Fascist party, including affiliated organizations, showed on June 9 a total membership of 5,594,363, an increase of 1,012,721 during the previous twelve months. Of these, 2,480,357 are in Black Shirt organizations and 1,538,000 constitute the Fascist party proper.

Diplomacy in Eastern Europe

By FREDERIC A. OGG
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THE work of building European alliances and balances goes steadily forward. French diplomacy has been particularly active, and, even when not guiding the course of affairs directly, has been a force behind the scenes. A cardinal feature of this diplomacy—as old as the days when French kings made friends with Scotland and helped the American colonists against England—is the establishment of strong friendships and alliances with States that are not France's immediate neighbors. The principal objective today is to keep Germany harmless by encircling her with a diplomatic wall. Naturally, the field of operations is Central and Eastern Europe.

The latest efforts were hastened by the unexpected Polish-German non-aggression treaty of last Spring, which was hailed in Berlin as a definite break in the "iron ring of encirclement." Foreign Minister Barthou hurriedly visited Warsaw and assured himself that, while bent upon shaping her own lines of international policy, Poland had no intention of deserting her French alliance. Paris turned also to Moscow, vigorously pursuing plans for an understanding in that quarter. Finally, the members of the Little Entente—notwithstanding the reluctance of Yugoslavia—were in early June induced to resume the interrupted task of making terms with the Soviet Union and thus to help solidify the developing combination. Foreign Minister Titulescu of Rumania and Foreign Commissar Litvinov of the Soviet Union completed at Geneva during the first week of June a triangular understanding by which Poland, Rumania and Soviet Russia mutually guarantee their existing frontiers. Thus was brought to an end the long-standing feud growing out of Soviet Russia's refusal to recognize Rumania's title to Bessarabia.

A second manifestation of the same diplomatic tendency is a proposed Mediterranean security pact among France, Italy, Yugoslavia, Greece and Turkey. Ostensibly a substitute for fortification of the Dardanelles, it has been generally interpreted as a third step, after the Balkan and Baltic pacts, in the French scheme for the encirclement of Central Europe. The plan, which was presented at Geneva for consideration by the States concerned, is now gradually assuming form. Rumania and the Soviet Union are believed to have been invited to participate.

The recurrent talk of a Habsburg restoration is significant. "We must have Otto in Austria by Summer," Count Degenfeld, former Empress Zita's chamberlain, is reported to have said to a visiting Hungarian monarchist. Other declarations by key persons, added to mysterious goings and comings, keep the matter perpetually agitated. The Little Entente powers are officially as much opposed to a restoration as ever, and France continues, in form at least, to support them. There are those, however, even among the most vigorous opponents, who be-

lieve that plans for an "imperceptible advance toward restoration" not only will be pursued but will eventually succeed. Even Premier Julius Goemboes of Hungary, long an apparently implacable foe of Habsburg restoration, has been heard to say (in Parliament on May 7) that he would never be dogmatic about any solution of the king question that would be to the best interest of the nation. In Belgrade, where the conviction is unshaken that enthronement of the Habsburgs would eventually endanger Yugoslav unity, there is reported to be fear that France will prove a broken reed in face of the danger.

Indeed, just as Poland's gesture of friendship toward Germany in the early Spring stirred apprehensions at the Quai d'Orsay, so Yugoslav leanings in the same direction have had reverberations more recently. A comprehensive trade agreement between Belgrade and Berlin is expected to double Yugoslav exports to the Northern country. Press comment, both at the time when the agreement was signed and when it went into effect on June 1, indicated Yugoslavia's inclination to swing over from dependence upon France to something very like dependence upon Germany. As a result, Foreign Minister Barthou, who had paid significant visits to Poland and Czechoslovakia in April, seized the opportunity not only to visit Bucharest on June 19-21, when the permanent council of the Little Entente was in session there, but to return by way of Belgrade.

M. Barthou left on June 26 for Vienna, with Belgrade still wondering whether Germany would not prove a stronger ally against the Habsburgs than France. As for Yugoslav recognition of the Soviet Union—beyond that rather indefinitely implied in the attitude of the Little Entente referred to above—the most that the Foreign Minister could get from King Alexander was a promise that he would visit Paris in the Autumn, when the subject might be reopened.

Hungary was an interested spectator of all that occurred. It is fairly clear that such chances as there may have been that Hungary would eventually be induced to make common cause with the Little Entente States were lessened by M. Barthou's anti-revisionist attitude. Indeed, one suspects that we have here another of the long line of occasions on which the cause of Balkan cooperation and concord has suffered from acts and utterances of self-seeking great powers.

POLAND AND LITHUANIA

What is the actual object of Polish foreign policy? That is something the puzzled chancelleries and diplomats of Europe would like to know. Certain elements in the picture are perfectly clear. The country is bent upon achieving recognition as a "great power." Her alliance with France still stands; yet she is determined henceforth to rely principally upon her own resources. With Germany she has secured an agreement which embodies, among other things, a surrender of the German claim to the Corridor. With Russia she has a non-aggression agreement (renewed on May 5 until 1945 at least) carrying with it a definite abandonment by Moscow of all active support of the Lithuanian claim to Vilna. Poland has a strong army built up by Marshal Pilsudski. Thus Poland is in a position to play a lone hand, and has indicated, at Geneva and elsewhere, that she is not averse to doing so.

A correspondent of *The New York Times* has suggested that Poland is preparing for a revival of the close cooperation — perhaps even actual

union—with Lithuania which in a remote period of history was a capital fact in the Central European political situation. Although for fifteen years the Lithuanians have vigorously resisted the idea of such a relationship, matters have been so manipulated that the eastern republic is now completely isolated. Pilsudski, it is known, will never regard his work of nation-building as complete so long as Lithuania is not tied to Poland, at least to the extent that Scotland is tied to England. In the past, Polish greatness seemed conditioned on control of Lithuania. Certainly nothing would contribute more definitely today to the position which Warsaw covets for the new Polish Commonwealth. The correspondent's surmise is not only plausible, but probably correct.

The rise of the gray-shirted National Radicals—the Polish Nazis—has injected new and disturbing factors into the country's political situation. Founded no longer ago than March, the party now has a daily newspaper in Warsaw and a uniformed militia, and is reported to be making rapid progress among unemployed youths and the lower middle class. The government for a time looked upon it tolerantly in the hope that the movement would split the old Nationalist party and thus weaken Marshal Pilsudski's most dangerous enemy. To some extent, the Nationalists actually have been weakened. But in the meantime, the new party has built up sufficient strength to become, in some sections of the country, as great a menace to the government bloc as the Nationalists themselves have been. The assassination of Bronislaw Pieracki, Minister of the Interior, on June 15 was laid at the door of the Gray Shirts and evoked from government circles statements which indicated that the party would thenceforth be placed under restraint and probably eventually suppressed.

RUMANIAN POLITICS AND ROMANCE

The volatile character of Rumanian politics was illustrated anew by the threat of a dictatorial coup at the end of May. For many months dissatisfaction had been growing in military as well as business and political circles because of the laxness of administration, and especially because of the "unconstitutional" policies and private life of King Carol. Fearing a coup by the army on lines similar to that carried out in Bulgaria, the sovereign was ready to set up a dictatorship under former Premier Alexander Averescu. At that moment the two leading political parties—the Liberals (now in power) and the National Peasants, which have invariably been at each other's throats—unexpectedly thrust aside the dissensions of a decade, declared simultaneously against dictatorship, and compelled the King to abandon his plan. To placate the army, Marshal Prezan, known as Rumania's most dignified and respected soldier, was made War Minister; to appease the Constitutionalists a special session of Parliament was called for June 14 to pass the budget. A warning sounded by the French Minister in Bucharest that any change of government which affected the position of Foreign Minister Titulescu would be regarded by France as an unfriendly act also aided in preventing a *coup d'état*.

Ten days later—on June 8—King Carol celebrated the fourth anniversary of his enthronement. Dowager Queen Marie, summering in her château on the Black Sea, did not go to Bucharest for the event, and the Opposition parties, having but lately helped thwart the monarch's dictato-

rial plans, did not participate. Once more, the deep rift between those Rumanians who stand with the King and those who would like to be rid of him was made apparent.

Absent in person, as she must always be when Carol appears in public, but undoubtedly getting as much satisfaction out of the celebration as any one, was the titian-haired Magda Lupescu. She it was who accompanied the Prince in 1925 when he was shipped off to London by the unfriendly Bratianus to represent Rumania at the funeral of Dowager Queen Alexandra. She it was for whom he renounced his throne, and with whom he spent years of exile, first at Neuilly, near Paris, and later on the Riviera. In June, 1930, when Carol suddenly returned to Bucharest, snatched the crown from the head of his 7-year-old son Michael, and took up the job of ruling a scandalized and divided country, Magda Lupescu followed him within a fortnight.

What the clever daughter of the proprietor of an automobile accessories shop located hardly a hundred yards from the royal palace has meant to King and country since those stormy days is set forth by John Gunther, Central European correspondent of the *Chicago Daily News,* in the July *Vanity Fair.* To begin with, says Mr. Gunther, "the point might be made that Magda Lupescu, the King's favorite, is the most respectable person in Rumania. She lives in a country monstrously corrupt and monstrously licentious, but her fidelity to King Carol, a scamp, is notorious. She sins in the flesh, but shines in the spirit; she is loyal, she is discreet, and she has character."

Indignant that Helene, the wife who had divorced him, was so unreasonable as to refuse a reconciliation unless he gave up his mistress, Carol, soon after becoming King, caused her to be removed from the country; whereupon Magda Lupescu became Queen in everything but name, and as such she has since been virtual ruler of the realm. Around her arose a sort of extra-legal court, a camarilla which nowadays makes its headquarters at Sinaia, the lovely mountain Summer capital where Carol spends the greater part of his time. She could marry the King any minute if she cared to do so, but, says Mr. Gunther, she well knows that this might mean the end of the dynasty. Even as it is, people in Bucharest say freely that Michael will again be King before Carol dies. Because of her, the King cannot be crowned; that he would go rather than give her up, no one doubts. Maniu, as Premier, tried to get rid of certain members of the Sinaia camarilla, but was himself dismissed. Titulescu, after battling hard, was a trifle more successful, but even he did not ask that Magda Lupescu be sent away. As Mr. Gunther remarks, he realized that no one can ask Carol that and survive.

THE BULGARIAN DICTATORSHIP

Raised to power by the military coup of May 19, the dictatorial Gueorguiev government of Bulgaria has made a vigorous beginning, and in doing so has, for the time being at all events, gained substantial popular support. Its measures of economy—starting with a halving of Ministerial salaries—have been commended, and its decision to reopen relations with Russia has been hailed as promising a much-needed market for Bulgarian products. Two principal policies embarked upon will, however, test its strength to the utmost. One is the abolition of all political parties. The other is the total and final suppression of a Macedonian revolutionary

iovement that for fifteen years has een a dominant factor in all Bularian domestic and foreign policy.

That the typically Fascist procedure f banning political parties would be dopted was foreordained by the suc-ess of the coup. The avowed object f the military men who engineered ie stroke was to liberate the country 'om the rule of parties and from the iaos into which that rule had plunged . In an endeavor to consolidate its al-ays precarious position, the previous 'uschanov government had multiplied ıblic offices until nearly 3 per cent : the population were officeholders id salaries absorbed almost half of ie budget. Corruption was rife and in-'ficiency characterized every branch ! the service. The country's affairs :ifted from bad to worse while party aders conspired against each other. hat party interests should be subornated to the vital concerns of the ıtion, every one was ready to con-ıde as a matter of principle, but from ırties and politicians came no indi-ıtion of willingness or ability to ake the necessary sacrifice.

The military coup once carried out, 'emier Gueorguiev admitted that the ssolution of all parties was "being udied"; early in June a decree to at effect was issued. All parties ere declared illegal; every form of ırty activity was forbidden; a sys-m of permits was instituted under ıich eleven of the twenty-one Sofia wspapers, being party organs, were ppressed. Foreign observers, includ-g members of the legations, were of e opinion that from the standpoint the security of the régime the step ıs a grave mistake. Since few peo-es are more deeply interested in litics than the Bulgarians, it was edicted that with all open and legiti-ıte political life prohibited, they uld turn to subterranean activities of the very sort which, as carried on by the Macedonians, the new government is pledged to destroy. The intention of M. Gueorguiev and his associates to end "politics" once and for all, however, was unmistakable.

So far as decrees can bring it to pass, the Macedonians and their sympathizers have been converted into peaceful and law-abiding citizens. All parts of the country heretofore controlled by the dominant Mihailov faction have been divided between the prefectures of Plovdiv and Sofia; local officials nominated by Mihailov leaders have been displaced; the collection of taxes by Macedonian organizations, heretofore common in certain Southern districts, has been forbidden; all Macedonians having arms and ammunition were ordered to surrender them to the government by June 13; leaders of the famous I. M. R. O. have been arrested and either imprisoned or ordered to stay away from all Macedonian areas. From government reports, one would gather that a full victory has been won and that the Macedonian problem is settled. From other sources it is known, however, not only that the principal rebel leader, Ivan Mihailov, is still at large, but that detachments of comitajis are still holding out in the mountains and that various methods employed by the government's agents, notably the searching of churches, altars, and vaults for concealed arms, have caused much bitterness of feeling.

Premier Gueorguiev on June 17 announced his intention to govern the country by decree for one year in conformity with Article 47 of the Constitution. Thereafter the Sobranje will be reconstituted so that one-third of its members will be elected Deputies and the remaining two-thirds will represent the corporations into which the population is to be divided.

Lithuania's Short-Lived Revolt

By Ralph Thompson

THE unsettled state of Baltic affairs has been once more demonstrated, this time in Lithuania. On the night of June 6 Augustas Waldemaras, former Lithuanian Premier, flew to Kaunas by airplane and attempted to oust the existing government. The plot was so timed as to coincide with a test mobilization of the Kaunas garrison, portions of which were known by Waldemaras to be sympathetic. But President Smetona refused to treat with his one-time colleague, and the "revolution" was soon over. Waldemaras and a few others were arrested, the Army Chief of Staff resigned, and order was restored without loss of life. On June 17 a court-martial sentenced Waldemaras to twelve years at hard labor.

The attempted coup was not, however, without political effect. On June 8 the Tubelis Cabinet resigned. The new government formed a few days later was again headed by Dr. Tubelis, but M. Lozoraitis replaced Dr. Zaunius as Minister of Foreign Affairs, and several other portfolios changed hands. No drastic alteration of domestic or foreign policy is to be expected from the reorganization, since Lithuania has, for years, been ruled by a small nonparliamentary group, rather than by a Cabinet responsive to popular or party will.

Waldemaras, it is said, was inspired to seek power once again in order to advance German interests. Rumor had it that Berlin, greatly disturbed by the so-called persecution of German National Socialists in Memel by the Tubelis government, had abetted the move in the hope that a change in the Lithuanian Cabinet would improve Germany's position.

It seems equally probable, however, that Waldemaras was impelled to act as he did by the reports of Lithuania's impending agreement with Poland on the much-debated Vilna matter. Long one of the most outspoken champions of his country's rights to the disputed territory, Waldemaras has had a remarkable and stormy career. It was he who was selected by the Council of State in 1918 to head the first national Cabinet. In 1926 he was once more named Premier after a military coup d'état, and for nearly three years ruled the country as virtual dictator. His downfall in September, 1929, was attributed to dissension within the government, particularly to the fact that he appeared to be eclipsing President Smetona. Whether or not personal animosity was involved, he was succeeded by Smetona's brother-in-law, Jan Tubelis.

Waldemaras entered the Tubelis Cabinet as Foreign Minister, but within a few weeks resigned the post. In 1930 he was indicted on charges of high treason, expelled from his party and interned on a country estate. Formal charges of high treason were again preferred by the government in 1931 and the ex-Premier was tried for embezzlement in 1932. Cleared of this latter accusation, Waldemaras was none the less still forbidden to live in Kaunas, and it was from exile that he flew to the capital to make what appears to have been his final bid for power. Barring an unexpected

political upset, this fiery leader will no longer figure in Lithuanian public life.

BALTIC DIPLOMACY

The relations of Estonia, Latvia and Lithuania to their Eastern European neighbors once more figure in the news. The matter has two aspects —one concerning such action as the Baltic States themselves may take, the other such broader action as would involve also Germany, the Soviet Union, Poland, Czechoslovakia and perhaps Finland and Sweden.

The proposed bloc of Estonia, Latvia and Lithuania has, so far, not been formed, although negotiations between the respective Foreign Offices continue. *Aides-memoires* were exchanged during April and May, and Latvia and Estonia, already linked by the accord signed on Feb. 17, have found that their proposals were not unfavorably received in Kaunas. The chief difficulty is over Poland, with whom Estonia is extremely friendly and Lithuania traditionally unfriendly. The Estonian Foreign Minister paid an official visit to Warsaw in May, and then assured the Polish Foreign Office that no Baltic union hostile to Poland would be formed. Early in June, however, the Lithuanian Government invited Estonia and Latvia to send representatives to Kaunas to discuss cooperation, and on July 7 the Foreign Ministers of the three countries met in the Lithuanian capital to begin their deliberations.

Thus it may be that Polish-Lithuanian reconciliation impends. During the latter part of June Colonel Alexander Prystor, former Polish Foreign Minister, unofficially visited Kaunas and conferred with President Smetona and Foreign Minister Lozoraitis. Dispatches from Kaunas indicated that Colonel Prystor would return with definite proposals after consulting Marshal Pilsudski.

Of larger scope, and described as of cardinal importance in Franco-Russian policy, is the scheme for guaranteeing the independence and integrity of the Baltic States. The end in view, obviously, is to check German expansion to the east. In December, 1933, Russia suggested that Poland join her in formally insuring the freedom of Finland and her Baltic neighbors, but the plan failed when Finland refused such assistance. Another attempt was made by M. Litvinov in April, with Germany instead of Poland invited to become the co-guarantor. Berlin, however, replied that since neither Germany nor Russia harbored designs on the Baltic States, such an agreement was useless and could be interpreted only as an unfriendly gesture toward Poland.

The Baltic States apparently were not consulted during this latter negotiation, and there is some reason to believe that because they were not the completion of an agreement among themselves will be hastened. Moreover, since they object to the rôle of shuttlecock in a game between Moscow and Berlin, Estonia and her two sister nations may seek their own guarantee of security by participating in what has come to be known as the "Eastern Locarno" plan. This arrangement would involve all Eastern Europe in pacts of mutual assistance against a disturber of the status quo, and may be formally discussed if Russia becomes a member of the League of Nations.

Soviet Economic Gains

By EDGAR S. FURNISS
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FOR some months the domestic affairs of the Soviet Union have been overshadowed by the more dramatic events in the sphere of international relations. Little attention has consequently been paid by the outside world to the progress of the Five-Year Plan or the internal economic development of the country. Yet, while interest has been absorbed by Soviet diplomatic activities, the program of domestic reconstruction has been pushed steadily forward, and the industrialization program has, as a whole, been making satisfactory progress.

The automotive industry is a case in point. Two years ago this industry, recently constructed on a gigantic scale with all the physical equipment acquired to make it one of the world's outstanding examples of mass production, was in such a hopeless state of inefficiency that the government was obliged to shut down its principal units. Since then, however, both management and labor have been slowly correcting the faults of their own ignorance and inexperience.

The enormous Gorky plant at Nijni-Novgorod was given a schedule of 140,000 cars and trucks annually to be achieved by the end of 1933. The entire output for the year was less than 27,000 units, but on June 1, 1934, the plant was producing 200 units daily, an annual rate about half that prescribed by the original control figures, but almost three times the performance of 1933. The tractor plant at Stalingrad, also in a state of collapse in 1931, celebrated in mid-April, 1934, the production of its 100,000th unit, and is now reported well ahead of its schedule of 40,000 tractors annually.

The lessons learned by Soviet management in these branches of the automotive industry have been applied with success to the more recently constructed plants at Karkov and Cheliabinsk, so that they too are operating successfully. Over 200,000 Russian-built tractors are now at work on the State and collective farms. The Soviet authorities have learned to be cautious in their forecasts of future production. The first Five-Year Plan predicted an output of motor cars, trucks and tractors by 1937 at a rate of several million units annually, but the present schedules call for an annual output of about 500,000 units by the end of that year. There is now every reason to believe that these revised figures will be exceeded.

Progress has similarly been made in the heavy metal industry, of which the production of pig iron is typical. In June, 1934, the output of pig iron passed the level of 30,000 tons daily, an objective set for the industry years ago which it has been struggling unsuccessfully to achieve. The present rate of output is slightly in excess of the schedule of 10,000,000 tons prescribed for 1934. The Soviet press has hailed this record as evidence that Russian labor and management have mastered the technique of another alien enterprise which is basic to the

industrialization program. It is admitted that steel production is less satisfactory, but the government is now hopeful that this industry will gain through the application of the methods that have proved successful in other enterprises.

Among the signs of Soviet economic progress the rapid increase of gold production is especially important. According to a statement made on June 3 by Serebronsky, head of the gold industries, the expansion of output during the past year has placed Russia second only to the Transvaal as a gold mining country. Soviet gold production in 1933 totaled over 100,000,000 rubles, an amount double the annual production before the Revolution. At the present rate of exchange this output was worth $100,000,000, as compared with the 1933 output of $45,000,000 in the United States, $63,000,000 in Canada and $239,000,000 in the Transvaal. In view of Soviet credit difficulties in financing imports, the significance of this development can scarcely be exaggerated.

The transportation system, a perennial cause of dissatisfaction to the Soviet authorities, is still the weakest factor in the economic structure. Despite persistent and aggressive efforts at improvement the railroads were reported by the official press early in June as operating far behind schedule. A program of reconstruction along American lines, requiring an expenditure of scores of millions of dollars largely on imported equipment, has been designed by the State Planning Commission, but is being held in abeyance until foreign trade conditions are more favorable.

In the meantime the Soviet Government is applying the severest methods of discipline to railroad executives and workers and in the factories providing replacement parts for rolling stock. A decree of June 5, signed by Joseph Stalin and V. V. Quibeshev, head of the State Planning Commission, ordered a general reorganization of the industries auxiliary to the transportation system, provided new management and placed the entire personnel under strict responsibility for meeting the schedules prescribed by the economic plan. New funds are provided to improve living conditions among the workers and to increase working capital. The Committee of Soviet and Party Control, a body created by the last party congress to enforce obedience to government orders, is given power to supervise these industries. This means in effect that they are placed on a quasi-military footing, since failure to meet the demands laid upon them becomes liable to punishment as a form of treason.

On the agrarian side the month of June has seen some improvement in the alarming conditions which recently aroused fears of another food crisis in the Soviet Union. The effects of the drought are still apparent in higher food prices, and the government is evidently expecting a short crop of cereal grains, but weather reports from the chief grain areas seem to indicate that there is no longer danger of serious distress. The principal effect of the unfavorable harvest prospects has been a revision of the Soviet agrarian law in the direction of greater freedom for the peasant. A review of such legislation during recent years shows that the Soviet agricultural policy has been inspired by practical considerations of the nation's food supply much more than by theory. This fact is strikingly illustrated by the latest agrarian decree.

The decree was published on June 1 with orders to rural sections of the Communist party to bring its provi-

sions without delay to the attention of the farmers in all parts of the country. The new law reduces tax burdens for many classes of the peasantry and extends complete remission of taxation to several pioneer regions of the Far East, which the government is colonizing. The most important concessions, however, represent an appeal to the individual self interest of the peasants which the collectivization program is designed to stifle. Members of the collective farms are encouraged to exploit the open food markets for private profit through the removal of the taxes which penalize them in selling even the products of their privately owned livestock and gardens.

Of even greater significance are the new liberties accorded the individual farmers who until now have been proscribed by Soviet agrarian policy. Special restrictions sought to make their mode of life economically so burdensome as to force them either to desert the land or to join the collectives. They were required on pain of higher taxation and loss of citizenship to cultivate their lands without the aid either of hired labor or farm machinery, and severe restrictions were placed on the sale of their products. The new decree removes many of these burdens. It permits the individual farmers either to employ wage labor or to use machinery, and makes available the open food market to them on terms of equality with the members of the collectives.

The resolve of the Soviet authorities to stamp out the inefficiency and graft that seem to be inevitable in any large scale bureaucracy has brought an increased tension of life throughout the country. For months the secret police have been investigating the different branches of government service and bringing accusations of treason against individuals suspected of irregularities. The harsh sente meted out by the courts in these c are somewhat shocking to other c tries, where lapses of government viewed with easy tolerance.

A striking example is the outc of a ten-day trial at Kiev that en on June 6. Here six men were tenced to death and twenty-t others to imprisonment. The culp included directors of the city man ment committee and executives number of factories in the dist They were charged with various fenses, such as the giving and ta of bribes, speculation in foreign mo and violation of Socialist discipl A court in Moscow two weeks l sentenced to death two laborers sent another to prison for ten y on charges of graft in connection v the new subway in that city.

The new law defining treason mulgated early in June places simi ly severe obligations on the gen citizenry. This law is striking in phraseology since it demands natic loyalty and patriotism from though such sentiments are condem by Communist doctrine as delusion the imperialist State. The Soviet G ernment is founded on the concept of a class loyalty that knows no pc ical boundaries and involves no legiance to the fatherland or other ritorial entity. Despite this theory new law exacts from every citizen the Soviet Union the kind of patr ism to the nation and its governm that is not different from the tionalism of other countries. Violat of this obligation, if it takes the fc of dealings with other governments condemned as treason punishable death. All adult members of famil living with or dependent on s traitors are to be deprived of c rights and exiled for five years t distant part of Siberia.

Turco-Persian Friendship

By Robert L. Baker

RIZA SHAH PAHLEVI, King of Persia, has paid his long-awaited visit to Turkey. Leaving Teheran by automobile on June 9, he and his entourage proceeded overland to Trebizond on the Black Sea, where they embarked on the Turkish battle cruiser Yawuz (the ex-German Goeben) for Samsoun. From Samsoun the party went by rail to Ankara, arriving on June 16. During his stay of four days in the Turkish capital the Persian monarch was honored in every possible way by Mustafa Kemal, by the Turkish Government and by the populace. As Riza Shah is a soldier, he showed especially keen interest in Turkey's military development, inspecting troops, munitions plants and the defense works protecting Smyrna. En route from Smyrna to Istanbul he discussed the problem of the Straits with the Ghazi. After two days in the old capital he returned home.

While it is possible to attach too much significance to this colorful visit, the fact remains that in the Near and Middle East the influence of monarchs and statesmen over policy is greater than it is in the West. None can doubt, for example, that Mustafa Kemal and Riza Shah could arrange a close alliance between their respective countries if they chose to do so. Moreover, both leaders are practical and energetic men. It would be surprising indeed if they did not discover during their lengthy conversations at Ankara many avenues for mutually profitable cooperation. They face many of the same problems in modernizing their backward countries and might well profit by each other's experience. As to the more serious matter of a military alliance, it is unlikely that anything definite will be done until Mustafa Kemal formally returns the Shah's visit.

MURDER VERDICT IN PALESTINE

The sensational trial of two young Palestine Revisionists, Abraham Stavsky and Zvi Rosenblatt, for the murder in June, 1933, of Dr. Chaim Arlosoroff, brilliant Labor leader, came to an end on June 8, when the Criminal Assize Court of Palestine found Stavsky guilty and condemned him to death. Eight months were consumed by the preliminary examination and thirty-four days by the trial proper.

Upon hearing the sentence, Stavsky reiterated his innocence, denounced the prosecution, the State's witnesses and the judges. The latter, he declared, "have condemned not me, but the honor of the English people." Except among the Labor party, Stavsky has become a hero and a martyr, and the authorities have taken special precautions in view of the excitement prevailing among Stavsky's followers. Zvi Rosenblatt, Stavsky's alleged accomplice, was acquitted by the Court on the ground that evidence corroborating Mrs. Arlosoroff's identification of him as one of the two murderers was lacking.

In the opinion of Zionist Revisionist spokesmen, both in Palestine and abroad, the verdict was "purely political." There have been many charges that the verdict was calculated to save the "face" of the Palestine police and

to strike at the Revisionist party, which for years has opposed the policies of the Palestine administration.

THE MIXED COURTS IN EGYPT

Egyptian public opinion seems convinced as never before that the Mixed Courts system is inequitable and must give place to courts that are entirely Egyptian. In normal times there has been little opposition to the Mixed Courts, apart from that directed by the Nationalists against all fetters on the country's sovereignty. Last year, however, the Cairo Tribunal ruled that the Egyptian Government must pay the service on the national debt in gold, despite the fact that Egypt had followed Great Britain off the gold standard and its currency had depreciated greatly. The government and nation, regardless of party, felt that the ruling was unjust, and the debt case has been appealed to the Superior Mixed Court at Alexandria. Sentiment became acute in March and April when Judge Vaux, President of the General Assembly of the Mixed Courts, insisted that a foreign judge should preside over a case in which former officials of the Courts sued the Egyptian Government for payment of their pensions in gold instead of Egyptian currency.

As the Mixed Courts are now constituted, Egypt has despaired of receiving any aid from them in regard to the debt burden. This accounts for the vehemence of recent demands in the press and in Parliament for the abolition of the courts. The Prime Minister, Yehia Pasha, stated the position of the government to the Chamber of Deputies on June 7. He admitted that in theory the Mixed Courts were created by the Egyptian Government, but declared that they had actually been set up as the result of an international convention and could not be suppressed without negotiation. Yehia implied that such negotiations were under way and warned the Chamber that public discussion was apt to hinder their progress. He denied that the recent agitation had been the result of a deliberately organized campaign against the courts.

PERSIA PROTESTS AMERICAN OIL CLAIM

The aggressiveness of Persian nationalism under the rule of Riza Shah Pahlevi attracted world-wide attention in 1932 and 1933 when Persia secured drastic modifications of the terms of the British Anglo-Persian Oil Company's concession. Emboldened by that success, the Persian Government is now demanding the cancellation of a concession made by the British Government to the Standard Oil Company of California to exploit the oil resources of the British-protected Bahrein Islands in the Persian Gulf. The demand was made in the form of a letter to the United States Minister to Persia in May, and on June 16 the Persian Government officially forwarded a copy of the letter to the League of Nations for communication to all the States members.

The Persian Government in its letter to the American Minister claimed sovereign rights over the Bahrein Islands, and on the ground that the concessions were acquired from "legally incompetent authorities," declared them void. Restitution of any profit accruing from the concession and damages on account of the exploitation were likewise demanded.

Perhaps Persia's victory last year went to her head. This time a rebuff is practically certain, as her case is strong neither in law nor in equity, nor in an even more important regard—actual possession of the region involved. Her case, such as it is, is based on a

claim to sovereignty over the islands that has been advanced from time to time and most recently in 1928, when it was firmly denied by Sir Austen Chamberlain, then British Foreign Secretary. That the Persian claim is far-fetched is indicated by the fact that the last Persian rulers of Bahrein were ejected by invaders from the Arabian peninsula in 1783. While the Bahrein group is recognized as nominally independent, it is under the protection of Great Britain and the ruling Sheikh is advised by a political agent appointed by the Government of India. At various times the British have thwarted attempts by neighboring powers—the Sultan of Oman, the Turks, the Wahabis and the Persians —to extend their dominion over the islands. As the Bahrein Islands are of primary strategical value in controlling the Persian Gulf, and are, in addition, of considerable commercial importance, it is only to be expected that Great Britain will be adamant in the face of the weak Persian claims.

PEACE IN ARABIA

The short war between Ibn Saud, King of the fanatical Arab sect of the Wahabis and ruler of Mecca and Medina, the Holy Cities of Islam, and the Zeidi Imam Yahia of Yemen was formally ended on June 23 with the publication of the text of the Treaty of Taif simultaneously in Mecca, Sana, Cairo and Damascus. The publication of the treaty of peace in Cairo and Damascus, as well as in the capitals of the countries involved, formally recognized the efforts which Arab leaders abroad had put forth to bring the internecine quarrel to an end.

The treaty is to be valid for twenty years, and the preamble is calculated to give encouragement to those who dream of Pan-Arab unity. The pact is described as a "treaty of Moslem friendship and Arab brotherhood," designed to promote the "unity of the Arab nation, to enhance its position, and maintain its dignity and independence."

All future disputes are to be settled by peaceful means, and provision is made for arbitration. Each monarch acknowledges the other's complete independence and sovereignty within his own borders. The frontier between the two States is described in detail, and slight rectifications appear to have been made in Ibn Saud's favor. Each undertakes to do nothing to the detriment of the other, and agrees not to allow his country to become the base of hostile action against the other, nor to receive refugees from the other's territory in case of internal disturbances across the border. The last two points are important, as it was on those grounds that Ibn Saud complained of the Imam.

The high contracting parties declare that their nations are one and agree to consider each other's interests as their own, though without any hostile intentions toward any third party. Each also promises to maintain complete neutrality and render all possible moral assistance should the other be attacked by a third party.

Ibn Saud appears to have been surprisingly magnanimous with the Imam, and the explanation will doubtless come out in time. Pressure may have been brought to bear on him to be lenient by Great Britain or by Italy. Another possibility is that Ibn Saud, who is suspected of having designs upon the Caliphate, felt that generosity toward his fellow Moslem Prince might forward that ambition. Heretofore he has been regarded with distrust, if not active dislike, throughout most of the Mohammedan world, because of the puritanical beliefs of his sect.

The Fall of the Japanese Cabinet

By GROVER CLARK
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AFTER two years of uncertain tenure, the "national" government of Japan headed by 80-year-old Makato Saito finally fell on July 3. The following day Keisuke Okada, retired commander-in-chief of the navy, was empowered to form a new Cabinet.

Assuming power on May 26, 1932, upon the assassination of Premier Tsuyoshi Inukai, the Saito Cabinet was a stop-gap government. Prince Saionji, the Genro (Elder Statesman), would have preferred a party Cabinet, but it was evident that only by uniting the available civilian strength could a military dictatorship be averted, and Saito had been called to head a coalition. The immediate cause of its downfall was financial scandals involving the Vice Minister of Finance and other men of prominence. When the full report of the police investigation was made on July 3, the Premier offered the resignation of his government to the Emperor.

The army and navy, however, had shown increasing dissatisfaction with the Saito Cabinet. On July 2, for example, some sixty high ranking naval officers presented to the naval and military authorities a series of demands. One was that the government be replaced by an administration which could "cope effectively with the present situation" and put an end to the internal political unrest. The officers insisted also that Japan, in preparation for the forthcoming naval conference, serve notice of the abrogation of the Washington naval treaty and otherwise liberate herself from obligations which limited her freedom to build warships as she chose. They demanded, too, that strong measures be taken immediately to secure for Japan complete independence in her plans for defense and to establish the principle of equality of armaments.

The presentation of these demands was a significant and not surprising consequence of the growing dissatisfaction of many in naval circles with the so-called weakness of the Saito Cabinet. The resignation opens the way for a revival of the efforts to establish an out-and-out dictatorship—which is what the more aggressive of the military group want.

During Saito's administration the liberal civilian leaders made some progress toward re-establishing their influence in the government, but the financial scandal will no doubt be used to discredit them. Furthermore, their "weakness" will be condemned, as it has been, by advocates of the idea that Japan should press aggressively toward dominance in the Far East no matter what the rest of the world may say. The make-up of the Okada Cabinet, unknown at this writing, will be an indication of just how real was the apparent swing from undiluted military control.

JAPAN IN CHINA

Meanwhile, the Japanese Government has made a move interpreted in China as an effort to extend by financial pressure its influence there. Shortly after the middle of May instructions were sent to the Japanese

Consul General at Nanking to reopen the old question of the Nishihara loans and the various other outstanding and unpaid Chinese debts to the Japanese Government and to private Japanese interests. At about the same time a representative of the North China administration was in Tokyo discussing the question with the authorities there.

Tokyo reports have it that the Japanese now claim 900,000,000 yen (about $270,000,000 at current exchange rates, or approximately the amount of the entire American investment in China). In 1928, when Japan consented to tariff autonomy for China on condition that these debts be adjusted, direct loans to the Chinese Government were put at 553,237,000 yen and loans to private Chinese interests at 177,240,000 yen. The rest of the present figure of 900,000,000 yen is said to be accumulated interest. Only 64,000,000 yen is backed by reliable security, according to the Japanese.

The Chinese claim that Japan's action in reviving this question means simply that she is applying the idea voiced in a recent statement by the head of the press section of the Tokyo War Office—that the military side of Japanese expansion had been pushed far enough for the present, and that the economic and financial side should now be advanced.

It seems particularly ominous to some that the Japanese propose to revive the Exchange Bank of China in Tientsin, as the agency for handling the adjustment of these loans. This was the Chinese-Japanese institution through which passed most of the Nishihara loans. It was controlled from the Chinese side by members of the Anfu clique which dominated the Chinese Government in 1917-1920, and became anathema to the Chinese because it accepted these loans and in return did what it could to advance Japanese interests. The whole scheme, and particularly the proposal to revive the bank (which has been closed since the Japanese moves started in Manchuria in 1931), is designed, it is feared, to bring North China, at least, under Japanese financial and economic control.

Other recent Japanese activities in China are equally alarming. On the evening of June 27 two Japanese sailors in Shanghai were "insultingly accosted" by a Chinese woman. One of the Japanese struck the woman, breaking her nose. When a Chinese constable of the Settlement police force tried to arrest the assailant, a crowd of Japanese gathered. A British police sergeant of the Settlement force went to the aid of the Chinese constable. Finally, an armed Japanese naval patrol appeared and took the British and Chinese police officers to the Japanese naval police station. A crowd of Japanese surrounded the station for the rest of the night, while negotiations went on between the Japanese and the Settlement authorities. When the British sergeant and the Chinese constable were released from their illegal arrest at 5 A. M. on June 28, they and the foreign civilian and police officials of the Settlement who were with them were met by a shower of stones thrown by a Japanese mob. No one seems to have been seriously injured, however, and the crowd was dispersed.

Other incidents occurred during the night of July 1. A Britisher strolling in a public park was stoned and beaten by a Japanese mob. A Pole leaving a theatre also was beaten by Japanese ruffians.

These particular outbreaks are reported to be the result of a growing anti-Western feeling among the Japa-

nese in Shanghai. The Japanese and the other foreigners there have not been on good terms since the fighting in the Spring of 1932, and the tension, as well as the uneasiness of the Chinese, has been increased in recent months by the fact that the Japanese military and naval authorities have sent armed Japanese forces through the streets of the city at night in "practice manoeuvres" without advance notice and without any attempt to secure the consent of the Settlement authorities. Tanks and armored cars, light artillery, machine gun companies and detachments of infantry in full war equipment from time to time have been rushed to take up "strategic positions" at street intersections. Sand-bag barricades have been thrown up, messengers on armed motorcycles have hurried from point to point, and other preparatory moves for battle have been carried out inside the Settlement itself.

The Japanese explanation of these manoeuvres is that they are intended simply to get the soldiers ready for emergencies. Inevitably, however, such actions are extremely provocative and create a good deal of uneasiness. Many Chinese are firmly convinced that the Japanese military authorities are deliberately trying to provoke a clash as an excuse for moving in troops.

The bombing of the first train on the renewed through service between Peiping and Mukden also is a natural result of the Chinese-Japanese tension in North China. Through rail service between these two cities was interrupted when the Japanese advanced into Manchuria in September, 1931. After prolonged discussions and the consideration of various plans, an arrangement finally was made in June for resuming service through a private Chinese-Japanese travel agency—a device adopted to overcome the fact that the Chinese refuse to recognize the existence of Manchukuo, which controls the northern part of the line. The first through trains under the new arrangement started on July 1. A bomb exploded in a third class carriage of the northbound train when it was fifty miles out of Tientsin and in the demilitarized zone south of the Great Wall. Four Chinese and an unidentified Westerner were killed.

As this is being written, full accounts of the incidents in Shanghai and of the bombing of the Peiping-Mukden train are not available. Nor do the reports indicate what action the Japanese and other foreign authorities at Shanghai and in the north will take. Perhaps these particular incidents will blow over. If so, unquestionably it will be because every one involved is extremely anxious to stave off a new outburst of violence; such incidents as those at Shanghai would have been the occasion for considerable international furor a few years ago.

CHINESE FISCAL AFFAIRS

In August China will complete her purchases under the wheat and cotton loan from the United States which T. V. Soong, then Finance Minister, arranged when he was in America in the Spring of 1933. This loan provided for the purchase of American cotton, wheat and flour up to the amount of $50,000,000. The supplies were to be shipped to China and sold by the Chinese Government. The proceeds, by informal understanding, were to go into constructive enterprises. The terms of the loan included no provision for American supervision of any Chinese source of revenue if repayments were not made as agreed. The sole security, in other words, was

the general credit of the Chinese Government.

In this last respect, the wheat and cotton loan differs essentially from most of China's previous foreign borrowings. That loan is also the first important foreign loan which China has floated since the China Consortium was organized in 1920 for the avowed purpose of preventing any one nation from assuming undue influence in China through loans.

Chinese and foreigners alike have recognized that large sums could have been used to advantage in China during the past fourteen years for rehabilitating the railways and building new lines, opening mines and factories, and otherwise developing the country economically. But money from most foreign sources would have been forthcoming only under conditions which the Chinese feared. Loans could not be floated independently of the 1920 Consortium because the banking groups in that organization had a predominant influence in the world money markets. The Chinese did not try to obtain loans through the Consortium because they thought of it as a device to allow the much disliked "unity of the powers" to back up financial encroachments with international political pressure. So no foreign loans were made.

As the wheat and cotton loan involved no direct money transfer or flotation of bonds, it did not come within the scope of the Consortium and there was no need to turn to the international money markets. The American Government simply made credits available by which the Chinese Government could buy wheat, cotton and flour in this country. A special corporation was created to handle the business, and the loan is to be repaid over a period of years.

The original terms were that $40,000,000 was to be available for cotton purchases and $10,000,000 for wheat and flour. The purchases actually will be approximately $10,000,000 for cotton, something over $6,000,000 for wheat and something under $4,000,000 for flour—a total of about $20,000,000.

The Chinese Government will realize from this loan approximately $43,000,000 in Chinese currency (about $14,000,000 in American money at current rates of exchange), after paying transportation, commissions to brokers and other charges, and setting aside the interest and principal instalments for the first year. Of this amount, by decision of the Central Political Council last year, 40 per cent is to go for currency readjustment and improvement of the monetary system. This will take roughly $17,000,000. By decision of the National Economic Council in March, 1934, $6,500,000 will be used for the construction of a system of interprovincial highways, $6,000,000 for the development of commercial aviation, $2,500,000 for irrigation and other reconstruction enterprises in the Northwest, $1,900,000 for emergency relief and rehabilitation in Kiangsi Province, $1,000,000 for cotton improvement and lesser amounts for the improvement of sericulture and the tea industry. A balance will be held in reserve.

Another way in which the Chinese Government has moved to obtain foreign financial assistance without political strings is through partnership with foreign firms. So far, this has been done chiefly in connection with aviation, and the American Curtiss interests have been the most conspicuous of those which have made partnership agreements. The Curtiss contracts, like the others of this kind, stipulate that the Chinese shall have majority control.

CURRENT HISTORY

SEPTEMBER 1934

America: A Month's Record

By CHARLES A. BEARD*

IF the flaming headlines of newspapers, day after day, indicate the events which have significance for the future and must be permanently recorded, then strikes and industrial disputes, accompanied by bitterness and violence, must bulk large in a report on the midsummer weeks of 1934. Whether they have any more meaning than similar economic conflicts during the panic of 1873 or the depression of 1893 there is no way of knowing. History to be made alone can reveal that. Yet they were greeted by the same kind of alarms for the safety of the Republic which disturbed John Hay and Henry Adams in the Seventies and frightened Joseph Choate and Henry Cabot Lodge in the Nineties.

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Among the hundreds of controversies, the most dramatic at least was the longshoremen's strike in San Francisco, which began early in the Spring, grew in intensity, flared up into a general strike on July 16, and was accompanied by the overturning of trucks, the "smashing" of Communist offices and headquarters, and the wounding and killing of citizens. Although the general strike was called off on July 19, the conflict between the longshoremen and marine workers on the one side and the Waterfront Employers' Association on the other continued, with representatives of the Federal Government bringing pressure to bear on both parties in an effort to effect an adjustment.

At the same time a similar industrial struggle raged along the waterfronts of Seattle and Portland between longshoremen and employers. During July striking truck drivers in Minneapolis tried to halt the movement of traffic; repeated clashes with the police ensued; and on July 20 one

man was killed and about fifty persons were wounded when the police opened fire on strikers and bystanders. The struggle became so bitter that a detachment of the National Guard was moved into the city and given command of the strike area. Meanwhile disturbances appeared among truck gardeners in New Jersey, textile workers in Alabama, copper miners in Montana, farm laborers in California, and other industrial groups in various parts of the United States. A report by the Department of Labor showed a rapid increase of labor disputes between July, 1933, and July, 1934, and the number was swiftly augmented as the weeks wore on.

So far as outward signs were concerned, these economic struggles did not differ much from previous conflicts in the relations of capital and labor. Plants were picketed by strikers. Efforts of employers to keep their plants in operation were followed by tussles between strikers and strikebreakers, in which the police were soon involved. Tussles became disorders accompanied by violence, leading to clubbing and shooting. As usual, most of the casualties were among workers and bystanders. Radicals and Communists, if not engaged in the beginning, soon entered the scene, inciting strikers to more determined action. On the other side, employers insisted on their legal rights to protection in carrying on their business, thus drawing the police and State Governments into the affray. The halls of radicals and Communists were raided, furniture smashed, wholesale arrests made, and the troubles laid on "foreigners" and "outsiders." In this there was nothing new. The performances, physical and intellectual, of industrial disputes since 1873 were simply repeated, with variations in details and names.

But one new feature, possibly of a high potential, characterized industrial conflicts in the Summer of 1934. That was the changed legal relation of the Federal administration to such disputes. Before 1933, under the Constitution and statutes of long standing, the President of the United States had power to intervene officially in local disturbances either on appeal from State authorities or on his own motion whenever the enforcement of Federal laws was involved, such as the removal of obstructions to the carriage of mails. In that legal situation, however, a fundamental change was made by the National Industrial Recovery Act of 1933, especially Section 7a, guaranteeing to employes the right to organize and bargain collectively.

The meaning of this section was far from clear, but whatever its implications, it gave the Federal Government a new relation to labor disputes, and strikers in all parts of the country appealed for protection and intervention under the cover of this provision. Moreover, its implications were extended by action of Congress in June, 1934, authorizing the President to appoint labor relations boards in the various trades. Proceeding under powers conferred, President Roosevelt named two special boards—one to handle the marine strike on the Pacific Coast and another to deal with the threatened contest in the steel industry. Then, on July 9, he set up the National Labor Relations Board to act as a kind of "supreme court" for labor disputes and to develop the application of Section 7a.

Unlike many historic commissions of the kind, this new board does not include formal "representatives" of capital and labor, but is supposed to speak for "the public" alone. It can

arbitrate cases on the request of employers and employes; it can mediate; it can investigate; it can conduct elections for collective bargaining; it can advise the President to establish special boards for particular industries, and it can hear appeals from lower labor tribunals.

Unless all signs fail, the relations of the Federal Government to economic controversies once regarded as solely within State jurisdiction will become increasingly intimate and the possibilities of fateful choices will multiply. As if to tighten the net of Federal intervention, President Roosevelt announced on July 21 the selection of the new Railway Mediation Board, with William M. Leiserson of long experience in labor affairs as chairman.

So far, the outlines of Federal labor policy are far from clear, and it may be added that the events of the Summer added nothing to clarification. In the maze of boards and personalities involved in the various strikes it was impossible to discern any consistent view of principles to be applied in industrial disputes. If the National Longshoremen's Board appointed to mediate in the San Francisco strike formulated a positive conception of labor relations under Section 7a, reports of it did not appear in the press. There was, perhaps, some significance in the fact that Edward F. McGrady, assistant NRA administrator for labor, was included in the membership, but the reported actions of the board revealed nothing beyond the traditional efforts at mediation.

Nor did visits of Senator Robert Wagner and General Hugh Johnson to the scenes of disturbance on the Pacific Coast contribute to the definition of policy. The former seemed to play the rôle of an observer, preliminary perhaps to the further development of the labor legislation he has been advancing in Congress. The latter's chief contribution was a vehement speech at Berkeley in which he asserted the right of labor "to bargain collectively through representatives of its own choosing"—the formula of Section 7a—and then declared that unless the Federal Government acted "the people would act * * * to wipe out this subversive element as you would clean off a chalk mark on a blackboard with a wet sponge." Judging from the way in which the halls of "Reds" and "radicals" were damaged and arrests were made, General Johnson's suggestion respecting the "subversive element" was the principal indication of the direction from which the wind was blowing.

Again and again during the San Francisco strike public announcements were made to the effect that a settlement had been reached, only to be later repudiated by the facts in the case. Another such announcement was made on July 30. If this is definitive, then some elements of the Federal labor policy may be accepted as tentatively foreshadowed. The Ship Owners Association, speaking for forty-two shipping companies, stated that it had agreed to meet the representatives of organized labor "for collective bargaining." "Union representatives," it was reported, "pledged full cooperation with the board during the period of adjustment while arbitration and collective bargaining are under way."

In the preliminary settlement only one significant concession was made to labor. According to the news, "working conditions regarding the longshoremen will be the same as before the strike went into effect eighty-three days ago," but "union observers

and government supervisors will be stationed at the hiring halls." Thus the collective bargaining formula is repeated and the definition of policy will depend upon what these "observers" and "supervisors" are permitted to do in controlling "the right of shipowners to pick their own men in the hiring halls." In other words, definition of policy is postponed.

Although strikes were widespread and efforts were made to attribute some of their virulence to Federal intervention under Section 7a, although it was evident that "bureaucracy" and "regimentation" would be made slogans in the coming Congressional campaign, the Federal administration was enlarged during the Summer by the appointment or development of new boards authorized by Congress at its last session (see August CURRENT HISTORY, pages 584-591). While the National Labor Relations Board and the Federal Communications Commission, having jurisdiction over telephone, telegraph and radio, were setting up their machinery, the Securities and Stock Exchange Commission organized its offices in New York City. The turmoil raised over the appointment of Joseph P. Kennedy as chairman, on account of his previous activities in "pool" operations, died away amid the Summer heat, perhaps to be revived when the Senate faces the issue of confirmation. In a carefully worded address, Chairman Kennedy assured the stock exchanges that there was to be no unwarranted interference with legitimate trading and assured the public that certain old abuses would be eliminated.

Unfortunately for those who hoped that this address would give steadiness and hopefulness to the stock market, its effects were confused by other occurrences — the Summer drought, fighting in Austria, and the general sluggishness of business. Hence during the early days of the new commission's life, stocks and bonds showed a downward tendency. Market prognosticators, who love to write on the unknown and unknowable, were unable, in the circumstances, to discover whether the new form of "intervention" was "good for business" or "bad."

To the elaborate machinery for lending public money and credit to private undertakings, started with the creation of the Reconstruction Finance Corporation under President Hoover, another device was added with the appointment of James A. Moffett to administer the so-called housing act passed by Congress shortly before adjournment. Under his administration, public credit will be granted on an indefinite scale for financing the repair and construction of buildings, through the agency of local banks and building and loan associations. Thus the Federal Government is now underwriting, in one form or another, banks, insurance companies, railways, industries, mortgage companies, farmers, financially embarrassed home-owners, prospective home builders, and even the man who wants to paint or repair his house. Only one thing is needful to complete the classifications; that is, loans to trade unions with depleted treasuries, providing they can supply some semblance of security for advances.

With the confident hopefulness that characterized Republican leaders when they inserted reciprocity provisions in the tariff law of 1890 and again in the act of 1897, representatives of the Democratic administration took steps during the Summer to carry the new Reciprocal Tariff Act into effect. For this purpose elaborate machinery was also set up. President Roosevelt placed

Secretary Hull in general charge of negotiations designed to alter tariff relations with other countries. To the Executive Committee on Commercial Policy, created in November, 1933, were assigned questions of general policy. The functions of research and advice were vested in a new interdepartmental Committee on Foreign Trade Agreements, which will carry on inquiries respecting opportunities for securing advantageous reciprocity arrangements with other countries. Under this general committee will operate interdepartmental committees of experts, one for each country, authorized to make detailed studies and conduct negotiations with experts from foreign countries. With a view to giving interested persons in the United States a chance to be heard on proposed tariff changes under the act, there was created under the Executive Committee on Commercial Policy a special Committee on Reciprocity Information, to receive complaints and hold hearings, as required by the law.

By those who adhered to the American tradition beautifully expressed by Senator Beveridge in 1898 that outlets for "the surpluses" of American agriculture and industry can and must be found abroad, the establishment of this gigantic reciprocity machine in Washington seemed to promise the fulfillment of an old dream and a return to "economic sanity." On the other hand, skeptics, remembering the slight outcome of previous efforts in reciprocity, expressed doubts and stood aside "to see what we shall see." Meanwhile, Secretary Wallace continued to reiterate his demand for tariff reductions designed to let agricultural produce out and admit new products in exchange, even though he conceded that the transaction would be painful to particular interests.

If the addition of the huge legislative program of "Recovery" to the mountain of statutes enacted since the inauguration of the Constitution appeared to presage a slowing down of Congressional activity, at least temporarily, the illusion was dispelled by new investigations in many directions —investigations likely to end in the proposal of more bills and measures. Under executive and legislative auspices these inquiries were launched and pushed, as public debates raged over past and present performances.

While the Federal Trade Commission was winding up its long report on the operations of utility interests in business and politics the electric rate survey authorized by Congress was started. Early in July Frank R. McNinch, chairman of the Federal Power Commission, announced the appointment of William E. Mosher of Syracuse University as director of the survey. Judging by the extensive and penetrating writings of Mr. Mosher on the subject, the inquiry will be thoroughgoing and will develop basic information for the comparison and determination of electric rates throughout the country. For the first time in the history of the country the essential facts in the case and the requisite standards of scientific appraisal will be available in the field of rate-fixing.

Not content with past studies and with inquiries already projected, President Roosevelt took steps to prepare a power program of his own. On July 15 he announced the selection of a National Power Policy Committee in the Public Works Administration, headed by Secretary Ickes of the Interior Department. He instructed the committee to develop a plan for closer cooperation among public and private power interests, with a view to "unifying" the industry and reducing rates for industrial and domestic consumers, es-

cially farmers. Thus the President ıde a forecast of coming legislation aling with holding companies and e regulation of current in interstate mmerce.

While Federal inquiries into utilities ɜre being pushed several State in- stigations were in process, notably at of New York under Judge John Mack. State Legislatures in 1933 .d 1934 enacted a far-reaching pro- am of utility control, and many of em authorized new surveys with a ɜw to making public supervision ɔre strict and to developing meas- es of public ownership in addition to ose already on the statute books. as James Bryce said long ago, the ɜnd of national opinion is forecast the trend of opinion in the States, en these local portents have a mean- g that transcends their immediate teworthiness.

Special significance was given to iation, civil and military, by two quiries—one completed and another progress. Once more emphasis was aced on the obvious but neglected ct that domestic and foreign poli- ɜs are parts of the same thing. hen Stanley Baldwin, acting Prime inister of Great Britain, declared on ly 30 that the British must think their frontier as on the Rhine and lled for an increase in aviation rces, repercussions were heard im- ɜdiately in the United States. A re- rt from Washington on the evening July 31 ascribed to ex-Senator ngham the statement that "the de- ısive frontiers of the United States e 500 miles off the coast" and at- ibuted to Senator McAdoo the dec- ration that by some peaceful meth- "United States sovereignty should extended over all of the West In- ɜs." Such is the setting for the con- leration of events falling under the ad of aviation.

On July 22, the special committee on aviation, created by the War De- partment and headed by Newton D. Baker, made public its report. It de- clared against the consolidation of the army and navy aviation services into a single unit, recommended an increase in the aviation strength of the army to 2,320 planes, attributed the lag in army aviation largely to the refusal of Congress to provide sufficient funds, characterized as un- founded charges made by members of the House Committee on Military Affairs to the effect that the aviation morale was low last Winter when the army took over the mail service, and praised the performances of the army aviation service in the circumstances. It also favored more government en- couragement for the aviation indus- try by the purchase of planes from private manufacturers as contrasted with their construction in government plants.

With its report, the committee coup- led a significant declaration of pol- icy: the purpose of American military and naval forces is not aggressive, but the defense of "our homeland and overseas possessions, including pro- tection of our sea and air-borne com- merce." In the opinion of the commit- tee "the next great war is likely to begin with engagements between op- posing aircraft," and the United States should be prepared for such an exigency. Coming close upon the heels of the Congressional inquiry into the aviation industry, which revealed cer- tain astounding practices, the report of the War Department committee, underwritten by distinguished civil- ians as well as army officers, served as an offset to previous criticisms, provided a clean bill of health for the department, and made a promise of increases in army aviation commensu- rate with the new naval program au-

rized by Congress and sponsored President Roosevelt. It was severe- attacked, however, by Brig. Gen. lliam Mitchell as mere "whitewash" l a project for feeding "hungry tractors."

Jnmoved by the War Department's ort on its own aviation services l needs, the Federal Aviation Com- ision, created to report on the avia- requirements of the United States, ned its work in August by sending resentatives to aviation stations in United States and Europe for the pose of making local studies. It iounced, through the chairman, rk Howell Sr., that public hearings ıld begin in September and that a ort was to be expected about Feb. .935. In particular it concentrated attention on the coöperation of ation services and on government sidy for private and mail lines. a kind of supplement to the avia- ı inquest, Postmaster General Far- , under instructions received from sident Roosevelt on July 17, pre- ed to hold hearings on the modi- ition or cancellation of existing an and foreign mail contracts. To appearances the whole question of sidies was to be reconsidered and devices of promotion were to be hioned.

ls executive agencies of inquiry anced to their tasks, congressional ncies pursued their respective rses. In the Summer, the Nye com- tee of the United States Senate or- iized its staff for an examination the munitions industry, so exten- ely subjected to popular criticism charges of propaganda and profi- ring since the revelations of Wil- n B. Shearer's activities on behalf ship-building concerns by a Senate nmittee in 1930. While other com- tees were squaring away to investi- e this and that, the Dickstein committee, inquiring into "un-American activities," unearthed and made public a number of pertinent facts relative to Nazi operations in the United States. Among other things it revealed that certain American citizens, notably George Sylvester Viereck, E. Alexander Powell, Karl K. Kitchen, and Ivy Lee, had received money or favors from Germany—through public or private sources—for counsel on public opinion or services of one kind or another to German industries or the German Government. Since their actions were legal and conformed to prevailing standards, however, it was not clear what bearing the Dickstein committee's revelations might have on the possibility of additional legislation in the sphere of propaganda control.

According to immemorial custom, the attention of professionals in politics, and to some extent the nation, was concentrated during July on the coming Congressional elections. On the Democratic side, of course, leadership was taken by President Roosevelt. His strategy seemed to embrace two striking features. In the first place, no important changes were to be made in the NRA: if business showed signs of recovery, something could be claimed for Democratic policies; if it failed to revive, then business had been given a chance and could not object to new ministrations. In the second place, specialists were set to work on the details of the President's program of social legislation and insurance, laid before Congress in general terms during the closing days of the session. Thus instead of the New Deal completed and perfected—open to attack as such—was presented a possible extension of its social measures.

Whether this strategy was deliberately developed, there is no way of discovering now; but such were the

appearances. And the ingenuity of the campaign project could not be denied. Although President Roosevelt, remembering the mishap of President Wilson in 1918, did not at the time call for the return of Democrats only to Congress, he gave to the commander-in-chief of patronage, Postmaster General Farley, no open instruction to the contrary. There were signs, however, of careful management in a few States, such as Wisconsin, where a Democratic war on Senator La Follette, running as a Progressive, might result in the election of a stalwart Republican.

On the Republican side, general leadership fell to Henry P. Fletcher, the new chairman of the Republican National Committee; and in a speech delivered at Jackson, Mich., on July 7, Mr. Fletcher laid down his lines of attack. He declared in favor of upholding the Constitution, "our existing system of individual saving," and the "individual rights and liberties" of the people. He championed that "equality of opportunity" which "affords to every man of energy and ambition the means of escape from the status in which he is born." The Republican party, Mr. Fletcher continued, "recognizes that in times of stress and depression no one in this land should be permitted to suffer from want." Moreover, he announced that he intended to appoint committees of competent men "to make a study of current economic questions so that their reports may furnish the basis of a constructive and forward-looking Republican legislative program."

But pending the delivery of this program, Mr. Fletcher devoted his efforts largely to attacks on the Roosevelt Administration: on "the bureaucracy" it had created, on "regimentation" of industry and agriculture, on the Congressional surrender to the President of powers "comparable only to those possessed by Mussolini and Hitler," on "the great load of oppressive taxation," on the curtailment of production, and on the tampering with the currency. In respect of that primary issue—the place of centralized corporate control in economic life, Mr. Fletcher made his most significant contribution to the campaign when he said in his Jackson speech: "We believe that standards of common honesty and decency can be maintained under the law by industry itself, without regimentation and State direction." He closed by condemning "State socialism" and bureaucratic control. Thus he made his watchwords of the campaign "bureaucracy," "regimentation," liberty for individuals to escape from the status of their birth, and self-government for industry.

Yet, as usually has been the case, the lines of the opposing forces, as displayed by titular leaders, were obscured by the smoke of confused opinion and by stragglers from the ranks. There appeared no great third party, comparable to the Greenbackers in the depression of 1873-78 or the Populists in the panic of 1893-97, but there were many Democrats and Republicans who did not fit the pattern of the New Deal or of Mr. Fletcher's Republican resurrection. While Senator La Follette definitely broke with the Republicans of Wisconsin, Senators Norris, Cutting, Borah and Nye did not cast off the old label entirely. Each went his own way, openly repudiating much of the gospel according to Mr. Fletcher, without endorsing the New Deal wholeheartedly.

In fact, in a Fourth of July address over the radio, Senator Borah denounced the Democrats for suspending the anti-trust laws and creating a still more ruthless monopolistic control,

and then condemned the Republicans for refusing to face the issue. Having done this, he placed himself on the side of the farmer and "the ordinary business man," and demanded a destruction of monopoly. Even more heavily than Mr. Fletcher did he blast away at "bureaucracy," "regimentation," and government control over industry and agriculture. He also announced that he would keep fighting on this line until the polls closed in November. If the Republican National Committee did not relish this merciless war on corporations and trusts, at least it must have rejoiced in Senator Borah's merciless assault on the New Deal.

While in the nature of things as disclosed by previous experiences the Republicans could look forward with confidence to reducing the Democratic majority in Congress, there appeared to be no decline in President Roosevelt's popularity. On the contrary, there seemed to be an increase. This was confirmed by the final report issued early in July of the *Literary Digest's* returns from its popular poll on the New Deal. In this unofficial balloting, the President carried every State in the Union except Vermont, and won a larger share of the popular vote than he did in the election of 1932. The *Digest's* analysis of the "switching of votes" indicated a net gain for the President of 5.39 per cent throughout the country. Yet there were significant signs in the distribution of the votes. Six special polls among bankers, business men, lawyers, physicians, the clergy and educators resulted in Roosevelt victories, save in the banking group alone. The losses in popularity were as meaningful as the gains. "The larger losses," the *Digest* reported, "are tallied in the South and in the agricultural sections, while the larger gains are noted in the New England and Eastern industrial States and those on the Pacific Coast."

If, as on other occasions, the *Digest's* unofficial polling revealed the temper of the country with fair accuracy, then the hope of Republican leaders lay in restoring that old "union of hearts" effected between the East and the West at Chicago in 1860, when the East got an endorsement of the protective tariff and the West won the pledge of free homesteads and secured the nomination of Lincoln. Could the hearts of David A. Reed and George W. Norris be united? There lay a problem of grand strategy.

If the opponents of President Roosevelt's policies and measures worked out their tactics on the assumption that the New Deal was definitely fixed, solidified and mapped out for all time, they must have been somewhat disconcerted by several of his announcements shortly before he set sail on a vacation through the Caribbean and the Panama Canal, on his way to Honolulu. The President's warning to Congress that a new program of social insurance was to be launched was followed by his appointing an interdepartmental committee to prepare specific projects for its realization. He then created the Power Policy Committee, charged with the duty of presenting a unified power policy for the United States.

In the meantime he set up his Industrial Emergency Committee, under the chairmanship of Donald Richberg, general counsel of the National Recovery Administration, for the purpose of surveying the past operations of the NRA and working out a new program in that field. This program is to be broad and fundamental. It is to "disclose a formula for permanent industrial planning, particularly as that planning involves the knitting

together of all industry into a national economy." The committee is "to tell Congress and the country frankly" the nature and degrees of government regulation necessary to provide greater stability in industry, avoid the calamities of booms and depressions and assure relief to the victims of periodical crises.

In other words, defenders of the President's policies during the campaign were given authority for saying that mistakes are to be corrected and new measures are on the way to realization. Thus the targets at which critics must shoot are swiftly moving and the difficulty of making centre shots is increased. Besides displaying a resolve to attack the underlying causes of periodical crises in economy, the President's strategy was "good politics"—that is, politics highly distracting to opposing forces.

In the several States, especially those closely divided, cross-currents of personalities and local issues cut into the national array of parties. On the Pacific Coast, Upton Sinclair, the former Socialist, who had alarmed Democratic managers by entering the campaign for the Democratic nomination for Governor of California on a radical platform, made astounding gains in popular attention as the Summer advanced. Despite speech-making by Democratic spokesmen, notably Secretary Wallace and General Hugh Johnson, disaffection among farmers in the Middle West added to uncertainties. In Minnesota, the Farmer-Labor party nominated candidates and took the field against both Republicans and Democrats. Unlike Senator Hiram Johnson of California, who enjoyed the support of the administration in his contest for re-election, Senator La Follette of Wisconsin had to make his fight to retain his seat on an independent ticket.

Confusion was more than confounded in North Dakota. Governor William Langer, convicted of collecting political dues from Federal office holders, was declared ousted by the State Supreme Court, and yet won an overwhelming victory for renomination in the Republican primary. On the strength of demonstrated popularity he resisted the efforts of the Lieutenant Governor, Ole Oleson, to take over and administer the office of Governor.

Far away in the East, Connecticut presented signs of unusual ferment, as the Democrats split into two camps—the Roosevelt "new guard" and the traditional "old guard" under the leadership of Senator Lonergan—and signatures were secured for the launching of an independent "Citizens party," designed to appeal especially to Republicans opposed to the long rule of J. Henry Roraback, president of the Connecticut Light and Power Company.

A distinct turn was given to party politics in New York by the selection of James J. Dooling to succeed John F. Curry as leader of Tammany, and by the return of Alfred E. Smith to the Tammany fold on July 31. After a survey of the political scene, Mark Sullivan, unofficial mentor of the Republican party, came to the conclusion that if the Republicans could gain eighty or ninety seats in the House of Representatives, "it would become safe to make an even bet that President Roosevelt would not be re-elected in 1936."

The Real Crisis in Germany

By ROBERT CROZIER LONG*

WITHIN a year and a half of Adolf Hitler's becoming Chancellor, Germany is in the depth of both a political and an economic crisis. The killing off of eighty of his enemies and suspected traitors at the end of June postponed but did not definitively solve the political crisis; the economic crisis has only begun, and the two are closely connected. The "dissatisfaction" which Hermann Goering frankly gave as his motive in choosing victims on June 30 was due in part to Hitler's failure to carry out his socialistic, anti-capitalistic and anti-Junker promises and in part to the increasing stress of life in an underpaid population, subjected to Nazi "voluntary" levies which it is now officially admitted went to finance the luxuries and the vices of party bosses.

A new revolution or counter-revolution may have been permanently prevented by the official terrorist "action" of June 30. Whether this was so will be known only when the issue of the economic crisis is determined. Great revolutions politically long overdue have been more than once precipitated by financial stress or by mob hunger; the economic breakdown of France toward the close of the eighteenth century and the St. Petersburg bread riots in March, 1917, are cases in point. It is conceivable that Hitlerism, in spite of its past and probable future successes in suppressing disaffection with rifle bullets, may be brought to an end by unsolved problems of currency, credit, wages, prices and food.

The economic troubles assailing the Third Reich at the end of July, 1934, were these:

1. The depletion of the reserves of the Reichsbank and the consequent default on the foreign long-term debts. This threatens to lead to depreciation of the reichsmark, which is already in part depreciated. Against Dr. Schacht's assertions to the contrary stands the admission of the competent and experienced Finance Minister Count Schwerin von Krosigk that "devaluation" has been seriously considered. The continuance of passive trade balances may force devaluation. The German people, after their experiences in 1919-23, cannot imagine currency depreciation without simultaneous inflation and a rapid rise in prices. Depreciation of the mark would at least temporarily cause a national panic.

2. Connected with this question of currency there is the passive foreign trade balance which, even though the foreign debt service is almost entirely suspended, is already causing difficulty in paying for imports of foodstuffs and raw materials. The urban population may thus be made to suffer doubly—through shortage of food and through loss of employment. Already on the alleged ground of scarcity of raw materials a large part of the textile industry has been officially put on a thirty-six-hour working week. The debt default has made it impos-

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sible to obtain foreign credits, which other countries, glutted with unsaleable foodstuffs and raw materials, would otherwise willingly grant.

3. The serious crop failure, which may result in diminished supplies for the cities, will certainly result in a critical shortage of fodder and will embitter the farmers, who have been forbidden to advance prices accordingly.

4. A serious rise in prices and in the cost of living has not been offset by any advance in earnings.

5. The confusion in industry and the crippling of enterprise by erratic and contradictory Nazi government measures, accompanied by ever-increasing bureaucratic interference with private business.

6. The failure—here the grievance is political—to execute the economic measures promised by Hitler and placed in the forefront of the National Socialist party program.

For the third of these troubles, the crop failure, nature, and not Hitler, is responsible. Drought has reduced the German crop of 1934 to 75 per cent of that of 1933, which was only just sufficient to meet national needs. But Nazi policy aggravated this trouble by making it difficult to import food and fodder from abroad.

The other five troubles listed above are all consequences of Nazi policy, and all except the last derive from the unfortunate determination of the Nazis to repudiate the foreign debt, which is set forth in the party program: "War against international finance and loan capital is the most important point in the program of the German nation." It is true that foreign creditors and their representatives at the successive conferences on debts in Berlin were told that Germany would pay her debts if only certain vicious, tariff-mongering foreign governments would allow her. But at home the public is told that the "war against international loan capital" is being pursued with zeal and success. It is indeed successful, for owing to amortization, repurchase of bonds and depreciation of foreign currencies the total debt, which in 1930 reached 28,000,000,000 marks, is today about 12,000,000,000 marks.

But the policy of debt default required that it be facilitated by currency, price and foreign trade measures, and by an artificially stimulated panic. This policy overreached itself. The menacing internal conditions which the Reich Government and the Reichsbank originally advertised merely in order to reconcile bondholders to their losses now become grim realities and recoil on the heads of the unlucky German population.

Chancellor Bruening put in the forefront of his policy the conscientious payment of foreign debts, pursued deflation and reduced the price level, thus increasing the already active foreign trade balance. His president of the Reichsbank, Dr. Luther, now Ambassador in Washington, handled the depleted reserves so skillfully that after the great shrinkage of June and July, 1931, they began again to increase. But Dr. Luther's successor, Dr. Schacht, for the purposes of debt repudiation reversed this policy.

Dr. Schacht began with reserves of 800,000,000 marks; in a year he reduced them to 80,000,000 marks. Apart from pursuing a credit and currency policy calculated to force the export of gold, he unnecessarily repaid in the Spring of 1933 international credits totaling 600,000,000 marks. The Nazi government's own credit expansion policy simultaneously sent prices up and reduced the ratio of exports to imports. The official Institute for Trade Research frankly admitted in

the Spring of this year that official policy was responsible for the new exchange depletion, and added that as long as the policy continued the reserves would continue to shrink.

In the three months following this admission the reserves did shrink. That is the cause of what is almost a panic brought about by the shortage of food and raw materials. But while the Nazi government could triumphantly point to the fact that the reserves had fallen to less than one-thirtieth of the figure of 1929 (nearly 3,000,000,000 marks), and that an export surplus of 3,000,000,000 marks in 1931 had been transformed in 1934 into an import surplus of *(pro rata)* 450,000,000 marks, it did not take into account the possibility that bad crops might make this depletion even more unpleasant for the home population than it was for the foreign bondholder, and that reviving industry would need ever more foreign exchange for the necessary increase in imports of raw materials. Only when the trouble arrived did the government act; and as it was too late to revert to sound credit and currency methods, it took the panicky measures usual among politicians when they realize that they have overreached themselves.

For years it had been the practice of German administrations to check food imports in the cause of national self-sufficiency. While the Nazi slogan "Autarchy" is new, the thing is old. In August, 1925, the pre-war duties on cereals, suspended in August, 1914, were restored. Thereafter the duties were repeatedly raised by Cabinets of all political colors, including one that was Social Democratic and therefore theoretically "free trade." A milling quota was imposed for home wheat. Later, wheat imports were entirely forbidden and a State monopoly was created. The first prominent leader in this agrarian protectionism was Dr. Schiele, a former Food Minister, who proclaimed that if Germany became self-sufficient in her supply of wheat, she would have so much foreign exchange that she would be able to transfer reparations (then in force) and also to transfer the private foreign debt. The fatuity of this official arithmetic was speedily proved. Imports of wheat declined 700,000,000 marks a year to nothing, but neither reparations nor the private debts could be transferred.

This agrarian policy of "Autarchy" was pushed to extremes by the Nazis. The party watchword was *Blut und Scholle* (Blood and the Sod). At all costs the farmer, a pure "Aryan," was to be kept on the sod, or soil. The Nazis raised the food duties, fixed grain prices and gave bounties for the cultivation of textile plants and oil-seeds. At a time when wheat in Chicago cost the equivalent of 65 marks a ton, in Berlin it cost 194 marks. This was represented to be a providentially decreed "just" and permanent price which would insure precise self-sufficiency without inducing a surplus production for which foreigners would not pay the high German domestic price. The theory that prices depend upon the relation of supply to demand was derided as "Manchester liberalism." Yet every one knew that a bad harvest might any day reduce the supply, and that farmers, with a reduced saleable volume, could not earn a living on the basis of the providentially decreed "just" official price.

This emergency arrived and the Nazi government had itself to fall back on "Manchester liberalism." Thereby it shifted from agrarianism to anti-agrarianism, for "Manchester liberalism" was essentially urban. Hitherto in the eyes of the Nazis the farmers had been the one sane and

virtuous element in a perverse population. In order to maintain the farming class there had been passed a law which made farms practically inalienable. If farmers complained that this measure reduced them to the condition of serfs, they were consoled by being officially dubbed "nobles." In the Spring of this year a Berlin exposition included rows of their rather comic armorial bearings, emblazoned with hogs rampant and reaping machines couchant. But when hunger fell on the cities, and even revolt on the part of the hungry seemed conceivable, much less was heard of these notions about the noble, aspiring farmer.

While compulsory minimum prices for wheat and rye had been in force since October, 1933, there was no compulsory maximum price. In July of this year a price was proclaimed that was binding on both farmer and consumer. In order to compensate the farmer for the smallness of his crops, this official price was increased 10 marks a ton for wheat and 6 marks a ton for rye. But these were advances of only 5 and 4 per cent respectively on the former prices. As a farmer with 25 per cent less grain to sell would naturally grumble, he was officially told that it was now his turn to make a sacrifice.

Three-quarters of Nazi economic expedients have been borrowed from Soviet Russia; and here history has repeated itself. The spectre arose of the discontented farmer refusing to sell his wheat and rye and preferring to use them to make good his shortage of fodder. The romanticized farmer now became a Russian kulak. Chancellor Hitler issued a decree, copied almost literally from Moscow, requiring grain to be delivered to specially created district-collecting organizations under penalty of a few years of penal servitude.

Even before this emergency arose relations between the Nazi leaders and the farmers had become strained. Food market regulation by the official Food Estates *(Naehrstand)* is vexatious, bureaucratic and costly. Every egg, every pound of butter pays a due which goes to provide salaries for officials. Worse still, the farmers have never obtained the nobles' land which Chancellor Hitler had promised them. Prominent in the Nazi program was the partitioning of the estates of large proprietors. This issue brought about the downfall of Chancellor Bruening, and the land-owning Junkers are equally capable of overthrowing Hitler if he should ever attempt to carry out his promise. Three months ago the Food Minister accordingly announced that, after all, large estates had a right to existence and that only the "permanently uneconomic" big estates would be divided up. Thus was the Nazi party promise repudiated, for nobody can prove that a particular estate is "permanently uneconomic"; and no estates at all have been redistributed.

From what has been said the connection between debt default and the potential food crisis becomes clear. In industry the trouble derives from the same cause. When German industry began to recover in August, 1932, six months before Hitler became Chancellor, the steel, non-ferrous metal, textile, rubber and other important manufacturing plants needed additional raw materials. Owing to the international fall in prices and the contraction of domestic production, Germany's imports of raw materials shrank from 7,200,000,000 marks in 1928 to a mere 2,412,000,000 in 1932. But 1933 already showed a small increase, and this year imports of raw materials will rise proportionately to 2,900,000,000 marks.

These imports might have been

financed by thrifty management of the Reichsbank's reserves, or by avoiding credit expansion and so keeping down home prices, in which case exports would have paid for imports. But that policy would have run counter to the purpose of foreign debt repudiation. Today the Reichsbank, despite the disappearance of the drain on its resources for the service of the debts, cannot provide gold or foreign exchange for imports of additional raw materials. It has therefore been necessary to adopt measures that almost suggest a panic. Internal stocks of cotton, wool, non-ferrous metals, rubber and other imported materials have been put under official control, and the making of new contracts for imports has been provisionally forbidden. Control was later extended to a long list of imported manufactured goods, the reason being that, according to the international trade classification, they include rolling-mill products, yarns and other commodities which are really half-finished industrial materials.

The reaction on industrial activity has already been felt. Owing to an alleged shortage of raw materials, the whole textile industry has been put on a thirty-six-hour working week in so far as the primary stages of manufacture are concerned. The restriction strikingly illustrates the inconclusiveness of Nazi economic policy. In 1933 the Hitler government adopted drastic measures to reduce imports of English cotton yarns. That was "Autarchy," and was successful. Today industrial production has to be reduced and employes have to be dismissed because the supply of yarn is insufficient.

Amateur-romantic is the best description of the Nazi attitude toward industrial capital. The Hitler party is socialistic; it says so. In general it regards capitalistic industry with suspicion. Industry is not based on "Blood and the Soil"; it harbors Jews; it provides a living for lean and scheming "Marxists." On the other hand, Big Industry financed Hitler's rise to power, not because it wanted him, but because it foresaw his rise and desired to purchase his toleration. Also Big Industry gains favor in Nazi eyes from its inherent opposition to city labor, which remains unrepentantly "Marxist."

These self-contradictions inevitably render Nazi industrial policy ambiguous. The government refuses to reduce wages to placate "capitalistic" employers; it refuses to raise them to satisfy "Marxist" stomachs. Wages fell only 1 per cent between the National Revolution of January, 1933, and April, 1934; and in April the government compulsorily prolonged the collective wage agreements. Reckoned in gold, which alone counts in international competition, German wages are very high; reckoned in home-purchasing power they are low.

On the question of industrial combines the Nazi right hand fights the left. Cartels are capitalisic, therefore infamous; and Count von der Goltz, the new Leader of Business, contemplates their complete abolition. But the Nazi government has itself encouraged, and has even created, cartels with a view to restricting competition and maintaining industrial profits. Under a law of June, 1933, the Ministry of Economy has created numerous compulsory cartels, usually by compelling unwilling outsiders to join already existing cartels, has prohibited entirely the establishment of new plants in particular industries, and has forbidden the reopening of mills and shops which were closed down during the depression. Here we have the anomaly of a government which professes to combat unemployment,

preventing the re-employment of men for which work is already waiting.

Only in retail trade is a consistent anti-capitalistic policy pursued by the Nazis. But the enemy here is not so much capital as Jewish capital. The war against the department store and in favor of the petty storekeeper is carried on as far as certain practical considerations allow. The small storekeeper is the backbone of Hitlerism. While protecting him against the department store, however, the Nazi government has been obliged to protect him also against his own class. Not only is it generally forbidden to open new stores, but in the regulations for exceptions to this rule the principle is applied of granting concessions on the ground of the applicant's qualifications and character. The department store has been saved from complete extinction by the happy circumstance that it is heavily in debt. The Nazi program definitely promised to break up the department store business into bazaars. But the big stores owe the banks about 1,000,000,000 marks; and to partition them would precipitate a credit crisis. The stores are therefore merely harried by the police and forbidden in some cases to sell food or in others to conduct on the premises any kind of hand work.

Nazi economic romanticism has produced some other strange theories on the subject of industry, but they find only imperfect or inconsistent expression. Chancellor Hitler, like the ex-Kaiser, believes that woman's sphere lies in the nursery, the kitchen and the church. But the promised expulsion of women from manufacturing industry makes little progress. A government which complains that foreigners will not buy German goods cannot summarily expel from textile mills low-paid and sometimes technically necessary female employes.

Similarly the romantic Nazi war on machinery, as the cause of unemployment and as the destroyer of a past age's idyllic relations between master and man, has resulted in a comedy of oppositions. Resolved to revive industry, which "Marxist" governments had destroyed, the Nazis set out to encourage the machine-manufacturing branch, then occupied to only 22 per cent of its capacity. In 1933 the government exempted from income tax all corporation profits which were reinvested in the installation of mechanical plant. But the unchanged party "ideology" continues to rage unchecked in the shape of Nazi "machine-stormers," who wreck or remove machines, or threaten machine-using employers after the fashion of the Luddites in Sheffield at the end of the Napoleonic wars. And the government, while issuing tame protests against its own machine-stormers, issues decrees forbidding under penalty of imprisonment the increased use of machinery in certain industries.

With industrial profit-making the Hitler administration has in general not interfered. It has at times prohibited price-raising, but the endless variety of manufactured goods has made it impossible to fix official prices. The compulsory cartel system has, however, maintained prices at a level (reckoned in gold) 20 to 30 per cent above the American level. On one recent occasion Chancellor Hitler made a temperamental speech against industrial profiteers, but the only concrete measure is a law passed this Summer requiring corporations which pay dividends exceeding 6 per cent in 1934 and which paid less than 6 per cent in 1933 to invest in home bonds a sum equal to the excess dividend total. But here the aim was mainly to facilitate the sale of Reich securities.

Under the Nazi régime the foreign

trade of Germany has gone from bad to worse. The active balance of 1,073,-000,000 marks in the year before Hitler attained power became an active balance of only 667,000,000 marks in the first year of his administration and a big passive balance is inevitable this year. While it is certainly true that active trade balances do not always indicate national prosperity, Germany with her foreign indebtedness, her depleted reserves and widespread unemployment in her export industries, cannot get along with a passive balance.

The Hitler Cabinet deals with this issue without any guiding principles, or rather with opposing principles. It preaches "Autarchy" as a principle universally applicable, and simultaneously it agitates against foreign countries which "refuse to accept German goods." It hampers its own exports by credit measures. It affirms that foreigners will not buy, and complains (see the circular of the Foreign Exchange Board of June, 1934) that German manufacturers wilfully refuse to export. It preaches that every reduction of German imports involves an exactly corresponding addition to the Reichsbank's reserves. It is assumed that, if the 102,000,000 marks paid for foreign copper in 1933 could be spared by prohibiting imports, the reserves would be 102,000,000 marks larger. The absurdity of this thesis appears from Germany's own trade reports and Reichsbank returns. The Reichsbank's reserves reached their highest point in 1929 when imports were at the peak. In accordance with this confusion of thought, the Nazi government shows the same zeal in concluding commercial treaties and compensation agreements with European States, and in making these agreements ineffective by means of duties and prohibitions which restrict imports.

The basic trouble underlying all these specialized troubles is the unduly high level of prices and of the cost of living. It is high prices that impede German exports, prevent the payment of the foreign debts and deplete the already scanty Reichsbank reserves. For the high prices the Nazis are not primarily responsible. Taken by itself the recent rise in German prices is not more rapid than would normally accord with a cycle of recovering business. But the comparative international price level, which determines ability to compete, has been dislocated by the American and British currency depreciations, which reduced wholesale gold prices to something between 60 and 70 per cent of prices before the war, whereas German wholesale prices are 99 per cent of what they were then.

From the domestic political point of view more important than wholesale prices is the rise in the cost of living, unaccompanied by any rise in wages. The German cost of living index has risen from 116 to 121 since Hitler became Chancellor, and it would have risen more had it not been for the stability of house rents, which have been kept level through the enforced abandonment of their homes by thousands of proscribed Jews. The rise in the cost of living is being severely felt by the urban working class, while the farmers, with a heavy reduction of crops, offset by only an insignificant advance in grain prices, are beginning to feel the pinch. It is this question of prices that is the most vulnerable side of the Nazi régime.

California Sees Red

By GEORGE P. WEST*

CALIFORNIA has been shaken out of its complacency this year by the sudden snapping of tensions that had long existed and that four years of depression had seriously aggravated. Strikes on the San Francisco waterfront are an old story. And the State's migratory labor problem has a history punctuated by such bloody episodes as the Wheatland hop-pickers' riot of 1913 and the suppression of the I. W. W. that followed it. Nor is there anything very novel in the surging of discontent among wage-earners, farmers, clerks and small business people in Southern California that gave Upton Sinclair's candidacy for the Democratic nomination for Governor such surprising strength.

Los Angeles and its environs have always attracted, together with the well-to-do and the elderly retired of the Middle West, an enormous number of unfortunate and foot-loose persons from an older Middle West that had complete faith in individualism, enterprise and good luck, a faith fortified commonly by adherence to evangelical religion and a survival of the pioneer spirit of optimism. In times of prosperity this great underlying population of Southern California thrives rather well, many by the expedient of small trading, as exemplified by the innumerable roadside stands. In times of depression their distress is immediate and acute. The relief problem in Los Angeles has been terrific, relieved to only a limited extent by the springing up of cooperative barter groups that express the self-reliance and enterprise of the older American in a rather pathetic way. These barter groups have become increasingly dependent upon subsidies from the city and county and are today an important political factor that accounted largely for the strength of the Upton Sinclair candidacy. Mr. Sinclair's moral earnestness and his Socialist technic of campaigning, that shared much of the spirit of a religious revival, made a strong appeal to the large number of persons in Southern California who flock to hear every cultist with a new promise of salvation. And among his supporters were those intellectuals discouraged by the failure of politicians to offer more than charity for the 1,250,000 Californians now on relief.

The same unrest, expressing itself in political action through the Sinclair candidacy, extends through the great interior valleys of Central and Northern California, where fruit-growers and farmers have suffered from overproduction and low prices. Heavily mortgaged orchards and farms are the rule and their owners have shared with Middle Western farmers the heart-breaking experience of seeing the year's labor go for less than current expenses.

It is against this background of lean and discouraging years that the successful agitation of Communists among migratory pickers and harvest hands must be seen if the exasperation of the growers and their vigilante

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excesses are to be understood. Like the longshoremen's strike in San Francisco, the Communist agitation and its accompanying strikes were clearly a recovery phenomenon, coming just at the moment when growers saw their first gleam of hope in four years. Yet they still felt the pressure of their creditors and begrudged any concession in wages to the strangers—many Mexicans, Filipinos and other aliens—men, women and children who move about the State from valley to valley and crop to crop, living squalidly in tents or shacks, and disappear to nobody knows where when the harvests are done. These vagabond pickers have the same resentment against the growers as the latter feel against the big banks that stand waiting for money that was "hired," in the Coolidge phrase, and against politicians in State office who, they are convinced, have been heedless and wasteful.

Last year Communists led by two very able organizers, Pat Chambers and Caroline Decker, succeeded in holding up and all but preventing the harvest in the cotton fields of the lower San Joaquin Valley and menaced the grape, cherry, peach, pear, prune and apricot picking. Concessions in wages were won. A shooting down of striking cotton pickers in Tulare and Kern Counties took four lives and placed the vigilantes on the defensive, so that charges of criminal syndicalism against Chambers came to nothing and the Communists were left free to carry on their plans for more and bigger strikes this year.

But the powerful business interests engaged in the financing, packing and marketing of California's enormous production of fresh, canned and dried fruits and vegetables had taken alarm. Through the State Chamber of Commerce they organized the Associated Growers of California, issued a formal report, signed by the dean of the College of Agriculture of the University of California, defending growers against the charges of a Federal investigating commission, and served notice on peace officers and district attorneys that ruthless measures must be taken against Communist agitators. At the same time they urged improved living conditions and the best wages for pickers that growers could afford to pay. Overtures were even made to organizers of the American Federation of Labor, and the latter have made at least a gesture toward organizing the migratory workers.

Federal intervention in the Imperial Valley last December and the insistence of George Creel, then NRA chief for California, that pickers' rights be protected led to intense resentment by the vigilante faction against the Roosevelt administration. This has now taken the form of an organized propaganda attacking Secretary of Labor Perkins for her reluctance to deport alien agitators and laying the blame for the State's labor troubles at the door of the Washington administration. It happens that most of the influential leaders in the State Chamber of Commerce and affiliated bodies are conservative Republicans and friends of Mr. Hoover. But the hostility of these groups toward the New Deal goes much deeper than any partisan sentiment.

Such was the general situation in California when the longshoremen struck in May. As control of the waterfront strike shifted steadily to the left and Federal mediation failed again and again, the San Francisco uprising was presented by Mr. Hearst's newspapers and the more partisan Republican journals as an integral part of a State-wide Communist plot. San

Francisco Harbor belongs to the State in more senses than one. From its docks the products of the valleys are dispatched by water to the East Coast, Europe and all the world. Since the strike continued and involved the drivers of trucks, it paralyzed the movement of perishable fresh fruits and vegetables to the canneries at the height of seasons that last only a few weeks for each variety of fruit or vegetable. So the town and country problem became one.

The general strike of July 16 was all that was needed to start a reaction against every form of radicalism. This was converted into a reaction against the Roosevelt administration as well, with Mr. Hearst's newspapers going to great lengths to identify communism and the New Deal.

In San Francisco the anti-Red drive has been curiously involved with a formula for liquidating the general strike that expresses in some part the city's pro-labor tradition and bias. Grateful to conservative labor leaders for manipulating control into their own hands at the first possible moment and impressed by labor's solidarity and public sympathy for the waterfront and marine workers, the employers as organized in the Industrial Association have suppressed their own strong irreconcilable minority and repudiated explicitly any intention to weaken or destroy unionism. They have foregone what a strong minority among them saw as an opportunity to "mop up" on organized labor by exploiting public resentment against the general strike. Two days after the strike was called off the shipowners made their final and most important concession—an agreement to arbitrate not only the demands of the longshoremen but those of the marine workers as well, although real doubt existed as to whether the leaders of some of these latter unions spoke for a majority of their employes.

The price of this moderation was a very deliberate and organized drive on the Communists. Men unknown even to newspaper reporters who tried to learn their identity swooped down on every Communist hall, school, meeting place, and even the private homes of leaders, destroyed books, printing machinery and furniture, attacked the occupants, and left for their next objective as police arrived to make a pretense of checking the depredations, but in reality to arrest the victims.

When a municipal court judge denounced the arrest of more than 400 men and their detention on vagrancy charges in a jail so crowded that scores slept on the floor, President J. W. Mailliard Jr. of the Chamber of Commerce issued a statement rebuking him and quoting a pledge of allegiance to American institutions that was circulated by the Retail Merchants Association to their employes and by the Chamber of Commerce. It closed with the statement: "I sign this of my own free will."

The San Francisco *News*, a Scripps-Howard newspaper, denounced the raids and called upon Californians to raise their voices in protest against vigilante lawlessness. Municipal Court Judge Lazarus was deluged with letters commending him for denouncing the raids. District Attorney Matthew Brady arose in court the first day and asserted that the right of free speech must be preserved even for Communists. And a week later a strong statement of protest was issued by Bishop E. L. Parsons of the Episcopal diocese of San Francisco, William Denman, former chairman of the United States Shipping Board; Henry Q. Hawes, advertising executive and

a director of the Industrial Association, and half a dozen other eminent citizens.

In San Francisco the anti-Communist drive was a piece of real politics by which a group of rather forlorn and for the most part ineffectual individuals were deprived of their rights in a vicarious atonement for the losses and alarms of the general strike. The net result has been to strengthen the conservative labor politicians in their control of the unions and to discredit not only the Reds, always a despised minority, but any leadership to the left of the very conservative group that has been in control of the labor movement for years.

Throughout the State the anti-Red movement has progressed to the familiar extremes. It has taken the form of an agitation to "purge" the universities and schools of all teachers suspected of sympathy with socialism and to ban from the libraries all books that deal sympathetically with Soviet Russia. In Oakland the attack has centred on Ella Winter's *Red Virtue*, an account of the life of women and of domestic and sex relations in Russia which a few months ago won an award from the conservative Commonwealth Club of San Francisco.

How far the reaction will go is a question that cannot be answered at this writing. While it may have weakened the chances of Upton Sinclair in the Democratic primary, it has also weakened the position of George Creel as a prospective candidate against Acting Governor Merriam. Mr. Merriam has enormously strengthened his position, for the time at least, by his readiness to use troops in San Francisco and by his many speeches and statements denouncing radicalism.

From the first, Mr. Creel's campaign has relied upon his identification with Mr. Roosevelt and the New Deal. Both have been subjected to a merciless and extraordinarily bitter attack by the five Hearst newspapers in California. Both have suffered in public estimation by the weakness of Federal mediation, by the contrast between Mr. Roosevelt's peaceful days at sea and the crisis in San Francisco, and by the fortuitous and unfortunate presence in California of Mr. Tugwell, General Johnson and other New Deal leaders in circumstances that emphasized the impotence of the New Deal to master this particular problem.

Should Mr. Sinclair be nominated on Aug. 29, the best opinion is that he would be decisively defeated by Mr. Merriam in the November election, assuming, as most political observers do, that Mr. Merriam will be the Republican candidate. That would mean four years of conservative rule under a politician whom no one took seriously until three months ago, when Governor Rolph's death raised him from his comparative obscurity as Lieutenant Governor to an eminence of which he has taken skillful advantage. Mr. Merriam was a real estate agent in Long Beach, near Los Angeles, who, like so many Southern Californians, went there from his native Iowa. If he wins the nomination on Aug. 29, it will be because his chief opponents, John R. Quinn and former Governor C. C. Young, appealed to a wing of the party that has largely deserted to the Democrats. For the first time in forty years, Democratic registration exceeds that of the Republicans not only in San Francisco but in Los Angeles city and county, hitherto almost solidly Republican. How many of these new Democratic voters have been affected by the fall in Roosevelt prestige and by the reaction against radicalism remains to be seen.

As the primary approached, there was a distinct rallying to George Creel

by voters of both parties who realized the new Merriam strength and who looked with distaste on four years of rule by an ultra-conservative politician of the old school. If Mr. Creel can win the Democratic nomination by defeating Mr. Sinclair, California is in for a most interesting Fall campaign.

Meanwhile, the State government faces problems of the utmost perplexity arising from the bankruptcy of the treasury. It is estimated that State revenues from all present sources, including a sales tax of 2½ per cent, which yields $50,000,000 a year, will be inadequate to meet even the State's school costs. Another $150,000,000 must be raised somehow during the ensuing two years to pay off a deficit of $30,000,000 and to meet the routine cost of State government, apart from the schools—a cost that has been running at $120,000,000 for the two-year period.

In the light of these facts, Upton Sinclair's promise to pay a pension of $60 a month to persons past 60 and to take the unemployed off relief by putting them to work on State-owned farms or in State-owned factories seemed Utopian indeed. Neither Acting Governor Merriam nor Mr. Creel had so far announced how they intended to solve the fiscal problem.

On the bright side of the California picture are the better prices prevailing for farm and orchard products; the great public works that include the two bridges at San Francisco and the Los Angeles aqueduct from Boulder Dam. In addition there has been an increase averaging about 10 per cent in the indices of business activity throughout the State.

San Francisco has emerged from its troubles with a characteristic cheerfulness and with surprisingly few traces of lingering bitterness. Longshoremen and marine workers have won recognition and are assured of joint control of hiring halls, genuine collective bargaining, higher wages and better conditions. The city is preparing to hold a pan-Pacific exposition in 1938 to celebrate completion of the Golden Gate and San Francisco-Oakland bridges.

But a real solution of California's troubles must await an improved market for its huge output of fruits and vegetables and some solution of the problem of how to organize its migratory labor on a humane and stable basis. Some improvement has already taken place in the marketing situation, helped by Federal marketing agreements that limit the pack of canned fruits and vegetables and assure better prices. Exports of fresh and canned fruits and vegetables are increasing in spite of the opposite trend in other industries since 1929. No less than twelve foreign companies now operate fleets of fast motor ships through the Panama Canal to Europe. Most of them are equipped with refrigeration space and they have built up a large European market for fresh and canned California products. These markets have reached the point where many growers and packers see in them a partial solution for overproduction. In a State where rigid protectionism has always been a religion, important groups of growers and packers have abandoned their extreme protectionist views and are supporting the President's reciprocal tariff policy. But there is, of course, unanimous agreement on the primary importance of the domestic market. California's hope, after all, lies in national recovery.

The Unhappy G. O. P.

By E. FRANCIS BROWN

THE rain was falling at Jackson, Mich., when the Republican hosts gathered on July 7 to celebrate the eightieth anniversary of the founding of their party. It was fitting that there should have been rain: the damp dreariness symbolized the depression which weighs upon the party that was born in 1854 under the historic Jackson oaks. For today the Republicans are bankrupt in ideas and leadership; what is more, their party is divided and disheartened.

But the Jackson love feast brought no harmony to the party's counsels. Henry P. Fletcher, chairman of the National Committee, spoke to the assembled Republicans. He assailed the New Deal and, in words which were hardly welcome to those Republican Senators and Representatives who had voted for Mr. Roosevelt's legislative program, derided the rubber-stamp conduct of the Seventy-third Congress. As Arthur Krock said, "Mr. Fletcher's attack was a boomerang that broke windows in his own house." Such action typifies the dilemma that confronts the Republicans.

The truth of the matter is that the impact of social and economic forces has jolted the Republican party from its base. To understand that difficulty we must look back over the Republican legend. Its cardinal point has always been: the Republican party is the party of prosperity. Though this assertion could never withstand close examination, it carried weight with voters and many a time saved the party which had "saved the Union." During the past eighty years, to be sure, there have been tight moments. Yet the Republicans escaped the Populist contamination, survived the Progressive revolt and capitalized the errors in Mr. Wilson's successful prosecution of the greatest war in which the United States ever engaged.

What in essence has been the basis of the Republican party's hold on the American electorate? From 1860 onward the Republicans shouted for industrial and agricultural expansion; they pursued policies which furthered that purpose, though it may have been no accident that industry seemed to profit the most. The rank and file of Americans gave their votes for Republicanism without much thought, largely because under the party's aegis their fathers or grandfathers had gone forth to strike down the rebellion in the South. In the Eighties and Nineties many a mother as the parting injunction to her son urged him to "fear God and vote the Republican ticket."

Gradually the Republican party became the water-boy of industry and finance. Since the country, outside the definitely agricultural regions, possessed an industrial point of view, the performances of the Republicans were found to be good. Yet in America was arising a disregard for party regularity that could have serious political consequences should there be cause for a voter's defection. Moreover, when the Republicans in the Twenties claimed more openly than ever before that they alone held the secret of industrial and financial prosperity, they laid themselves open to attack. Sup-

posing this prosperity should crack, what then? And was it really safe to devote so much care to industrial capitalism, ignoring the problems of agriculture?

The Republican alliance with industry and finance of necessity made the party conservative. Now the conservative, by his very nature, can be a far more dangerous person than the radical. His desire to preserve the status quo frequently becomes a fetish; his refusal to adjust himself to new situations or to make adjustments quickly enough ofttimes leads to his being overwhelmed by forces that in the beginning could easily have been kept in check. But it is in time of crisis that this weakness of the conservative becomes most apparent. Then it is that he seems to lack initiative, to be devoid of imagination, to be incapable of anything better than deploring the sad days that have come to pass. And one does not have to be a trained observer to discover that it is these qualities of conservatism which have disabled the Republican party.

The disaster of 1929 and the succeeding desperate years created the popular resentment which drove from power the unwitting agents of the débâcle. Consider for a moment the degree to which the Republican party was blasted from office. In 1928 there were thirty Republican Governors and eighteen Democratic; four years later only nine Republican Governors remained. A similar overturn is revealed if party control of State Legislatures and municipalities is surveyed. But the shift in the Federal Government gave even greater evidence of an upheaval. The Presidency, of course, was lost. The House, which in 1929 had 268 Republicans and only 165 Democrats, showed in 1933 but 117 Republicans sitting alongside 313 Democrats. In the Senate, also, power had changed hands, for in the Seventy-third Congress there were twenty more Democratic Senators than there had been in the Seventy-first. Never, in recent American political history, had a major party suffered so crushing a defeat.

Political defeat, however, does not necessarily cause political death. The Democrats for years wasted in the wilderness; time and again their obituary was prepared, only to be laid away because *rigor mortis* refused to set in. Thus, the Republican experience of 1932 need not necessarily prove fatal, for if the Democracy revived in the past, why not the G. O. P.?

Yet there are certain practical difficulties in the way of renewed Republican activity. In the United States politics becomes national only in Presidential years. At the biennial elections each party becomes to all intents and purposes forty-eight parties, striving for power in their particular States and waging the campaign on local issues. Obviously in these instances the party labels have but little significance. What do count are organization, funds and vote-getting candidates. As the chairman of the Republican committee in an important State told the writer: "Issues mean little. If we can put up a popular candidate, he can make the issue what he pleases. All we've got to do is to build up an effective organization behind him." Cynical, perhaps, but realistic.

On the other hand, except in rare periods of popular enthusiasm, organization depends upon full money bags and the throwing of jobs to the political jackals. Today few Republican groups, local or national, have patronage or funds; the Democrats possess both. A Republican ward committeeman in a great city, which until recently was a stronghold of his party,

bewailed the presence in his ward of 200 Democratic jobholders. "And that," he groaned, "is pretty hard to buck." Moreover, the Roosevelt administration by means of its recovery policies—the CWA, PWA, AAA and the rest—has won to its standard thousands of voters who formerly would have gladly joined a Republican crusade. By the same token contributions to the Republican campaign chest are both few and small.

Nevertheless, there are local and State election districts that are normally Republican. Even though their electors strayed from the true way in 1932, they are as likely as not this year to be back in the fold. Popular local figures will win on the Republican ticket. Furthermore, all men who hold important political posts in these trying days are confronted with insoluble problems; in seeking to find solutions, political mistakes are made; popular resentment then wells up until the incumbent is swept away in favor of some one else. That some one, in many instances, will in 1934 bear the Republican stamp.

For similar reasons the party can be reasonably certain of gaining Congressional seats. Even the cry, "Support the President," will not prevent some Republicans slipping into the House and the Senate. But local and Congressional successes cannot obscure the essential bankruptcy of the Republican party. Analysis of the underlying situation in America, conversations with Republican leaders and examination of their strategy in this year's Congressional campaign lead directly to the conclusion that to date the Republican party has been unable to face the fundamental problem of the Nineteen Thirties.

And that problem is economic. How is recovery to be brought about? The Roosevelt administration has presented, is presenting, its answer. Ultimately we shall know whether or not its measures were the correct ones. The Republicans, on the other hand, have suggested not a single remedy, unless it be that we leave things alone, permitting "normal" forces to bring recovery whenever they please. Even Republicans, however, recognize in their heart of hearts the impossibility of success with such a policy.

Recovery, as the American people have been told hundreds of times during the past eighteen months, depends upon the creation of a purchasing-power adequate to sustain the nation's industrial and agricultural structure. The logic of that stand seems irrefutable, unless one is willing to accept the alternative of a far lower standard of living than has been regarded as "American." How to create the necessary purchasing power thus becomes the crux of the whole problem—and thereupon the problem is seen to be charged with dynamite. Both parties have shied at the redistribution of wealth which seems to be entailed.

The Roosevelt administration, however, has attempted to balance production with consumption by reducing production—an uneconomic policy if ever there was one. And just here is the Republican opportunity, which they dare not grasp. To be sure, the Young Republicans on July 11 adopted a statement which criticized the administration's farm program, but even on this point the party as a whole has been amazingly quiet.

No party, such as the Republican, can further any program which requires taking something from the few and giving it to the many. Conservatives in that event would regard the cure as worse than the disease. To contemplate a policy that would ultimately include wide-spread social in-

surance, new tax schedules, public ownership of utilities—and these might be only a beginning—would violate every tradition for which the Republican party has stood. Political suicide, said a member of the National Committee, would result if the party put forward a progressive program of its own.

A corollary to recovery is social security, the thought uppermost in the mind of that army of Americans who may loosely be lumped together as workers and middle class. President Roosevelt on several occasions has promised that his administration will meet this issue. His promise has momentarily blocked any attempt the Republicans might make to profit from the inarticulate but no less genuine demand for the ending of the terrifying uncertainties which beset the average American.

Yet the Republicans are not unconscious of this craving for security. In the declaration of policy issued on June 6 by the National Committee is to be found this statement: "Our country has been backward in legislation dealing with social questions. We welcome the recognition that these questions demand attention by government." Nevertheless, there is no commitment here, nor does the vagueness of the admission carry great weight when placed alongside President Roosevelt's fairly specific promises. Spokesmen for the Republicans have sidestepped the subject of social insurance. Individuals within the party, some of them in key positions, privately admit that unemployment insurance at least is inevitable, but the party as a whole, still in the grip of its conservative tradition, hesitates to adopt what a decade ago was regarded as dangerous radicalism. While it hesitates the Roosevelt administration moves ahead with plans for protecting the daily life of the American millions.

The dyed-in-the-wool conservatism of the Republican party has, however, done more than prevent a facing of the issues. To some extent it has betrayed its patron. The proof is to be found in the present attitude of industrialists.

For years the Republicans, by granting boons to industry and finance, found it possible to demand and obtain liberal donations for the party's treasury. Industrialists and financiers, of course, often played safe by contributing to the campaign chests of both major parties, but usually it was the Republicans who garnered the most. In addition, whatever influence these contributors might have was as a rule thrown to the support of Republican candidates.

Today, however, the tables have been turned. The Roosevelt administration, despite its scolding of the money-changers, has done more for business—large-scale business, that is—than any Republican régime of the past generation. For the NRA, with its repeal of the anti-trust laws, its tacit approval of price-fixing and its fostering of trade associations, has won the industrialists' hearts. Even the troubles over Section 7a cannot damp this enthusiasm. What more natural, then, than industrialist support for the Democrats? And that is exactly what is happening, not universally, of course, but to an extent that alarms Republican chieftains.

The logical manoeuvre in such a situation would seem to be a revamping of the Republican party policies under new leadership. But politics, as John Garner has said, is funny; ideas alter slowly; old leaders cling to power.

During the Winter of 1933-34 there were hints that the reactionary ele-

ments within the Republican party might be supplanted by the more liberal. The Hoover group, which embodied reaction, had seemed to be crushed by the 1932 disaster. In Congress there were some Republican Senators and Representatives with liberal tendencies who were prepared to labor for a revivified party. Furthermore, even the oldest and most conservative party members had apparently come to realize that the time had arrived to open the doors to young men, to permit them to impress their ideas upon party policy.

To the young men of the country the National Republican Club in New York City last Spring issued a stirring appeal, an appeal that, if sincere, promised to give the Grand Old Party new life. But it was only a flash in the pan. Early in June party leaders met at Chicago to elect a new national chairman. Would he be, as the more vigorous and progressive members hoped, a young, wide-awake man out of the West, or would he be an old warhorse? The choice was Henry P. Fletcher of Pennsylvania, former Rough Rider, long-time member of the diplomatic service. But he personified nothing of a new deal for the Republican party. Senator McNary, Republican leader in the Senate, sadly admitted that while Mr. Fletcher was a good man his selection was not brilliant. "I expected," he said, "an equally good man to be elected from further West—one of sane and modern views." Even an old-timer like Senator Fess regretted that a Middle Westerner had not been the committee's choice.

Though in a sense Mr. Fletcher was a compromise candidate, the very fact that a compromise was necessary indicated to the younger and more liberal elements in the party that the Old Guard had neither died nor surrendered. That fact was disheartening; it ended present hopes for a new party. Obviously the 1934 campaign would be waged along time-worn if not time-honored lines.

American political campaigns for seventy years have as a rule succeeded in avoiding all real issues. There have been exceptions—1896 and 1912 come to mind—but ordinarily the party out of power has evaded any commitment and has "played for the breaks." In other words, it has made political capital out of the mistakes of the party in power. Such strategy demands little courage; it rests on no social philosophy; it requires only political astuteness and a flair for publicity. Many a Republican will confess—off the record, of course—that this strategy has been adopted by the G. O. P. for the 1934 campaign.

Republican orators began to enlighten the country early in the Summer upon the errors of the Roosevelt administration. These are catalogued under three heads: "Regimentation" —with which is combined a cry of "Back to the Constitution" and "Uphold the Bill of Rights"; the colossal expenditures of the administration, and the impending burden of taxation to carry the mounting public debt. In addition, there are many picayunes which may be dragged in to prove the thoroughgoing depravity of the New Deal and its players.

Not only are these issues hollow, but it is questionable whether they can capture the public imagination. Those who have benefited by regimentation are unlikely to turn upon the administration. Hardly were the Republicans on the hustings before it became obvious that Eastern industrialists would not take kindly to harsh words about the NRA, however much they might applaud ridicule of the Roosevelt farm program. But

thousands have been untouched by the NRA or the AAA; others, who feel injured by one Roosevelt measure or another, are still in no mood for a return to the do-nothing policy of 1929. On the other hand, there is no evidence to date that the Roosevelt administration seeks to tear up either the Constitution or the Bill of Rights; instead it is pursuing a policy to which the Republicans are no strangers, a policy best summarized by the query, "What's the Constitution between friends?"

Again the subject of governmental expenditure sounds little more than an emotional note. The Republicans have said that they do not believe we can "spend our way to prosperity." But do they seriously propose to end all emergency expenditures at a time when private capital is on strike and the need of relief steadily rises? Business would never allow such a thing, and no party would dare abandon relief. Furthermore, so many voters have benefited directly from this very governmental expenditure that an attack upon it can scarcely be considered politically advantageous. For example, no Republican spell-binder in the farming States will hazard this Fall a denunciation of crop loans and drought relief.

And, finally, who is going to pay for the vast debt that the Democrats have piled up? Is that an issue? Are people really concerned about the future, when the present is so much with them? To ask the question is to answer it.

When the Republican party, by pursuing these essentially empty issues, evades the fundamental problems of American life it also misjudges the temper of the American people. Regardless of the rightness or wrongness of Roosevelt, he has won over the country, if for no other reason than that the country wanted action. Certainly there have been few dull moments since March, 1933. The paralysis of the last days of the Hoover régime was unbearable; a similar paralysis would be unbearable today. Action, continued action, remains the demand of the nation, and it matters little or not whether that action violates tradition. This the Republicans apparently have yet to learn; certainly they have so far given no sign that the lessons of the Roosevelt administration mean anything to them.

The demand for action, of course, results from the uneasiness which pervades the country. Though the conviction persists that it is still too soon to sell America short, a feeling is apparent that far-reaching changes are needed. Experimentation in high places has for this very reason won popular approval. For this reason, also, Mr. Roosevelt's continued insistence that the social fabric must be refashioned has not aroused antagonism. Under such conditions a standpat policy may be perilous, for should the people become disillusioned with the New Deal, they would be most unlikely to return to the conservative Republican ranks. New movements further to the left would in that event win adherents.

Because the Republicans insist upon the validity of their old-time religion, they are falling behind. Call them diehards, Bourbons or what you will, it is this quality of forgetting nothing and learning nothing which has forced their party into its present uncomfortable position. Eighty years ago at Jackson, Mich., the first Republicans faced the problems of an impending crisis; unless their descendants can today face with equal courage the problems of our crisis, the future of the Grand Old Party looms very dark indeed.

Can Central America Unite?

By W. Adolphe Roberts*

THERE will come a time," declared a recent Liberal candidate for President of Nicaragua, "when all our people will realize that union is for the best interests of all the countries of Central America. Revolutions and bickerings will then end, and the united republics will be able to go forward and assume the place in the affairs of the Western World that rightfully belongs to them."

Thus is restated the century-old aim of most Central American Liberal leaders. As independent countries, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica are small and uninfluential. Merged, they would rank eighth in area among the fourteen to which the number of Hispanic republics in the New World would be reduced. The Union of Central America would be larger than Ecuador, Paraguay, Uruguay, Cuba, Panama or Santo Domingo. Its 6,000,000 inhabitants would place it fifth in population, surpassed only by Mexico, Argentina, Colombia and Peru. (Panama is not discussed as a member of the proposed union. Geographically, this republic is the southern extremity of Central America, but has never been politically a part of it. Panama was a Province of Colombia until 1903. There is no discussion now of its joining the union.)

The question of Central American union is not merely academic. Ideals of unity which are no more than rosy dreams are being preached here and there throughout the world, but in Central America we encounter these realities: The five existing republics separated from Spain as a single country and then split; they have since experimented with several partial unions; the issue of unionism is being kept alive in all the republics by one or more political parties; the population is homogeneous and the commercial interests of the various regions are similar.

Nevertheless, the opposition to union has always been active. Some of the objections have the familiar aspect of petty politics. Others spring from international relations, and in these the United States is vitally concerned.

In 1821, after all other continental possessions of Spain had won independence, the Captaincy General of Guatemala, as Central America was called, followed suit without having to strike a blow. The Spanish Governor himself summoned a convention and told the delegates to decide the future of their country. They responded by electing him first President. Such arcadian simplicity was too good to last. The following year the Emperor Agustín Iturbide of Mexico annexed the territory by proclamation, and when this coup was not welcomed he sent an army of invasion. Thereupon the Province of El Salvador, the centre of resistance to Iturbide, declared itself annexed to the United States. But President Monroe paid no attention, and all Central America fell to the Mexicans. In 1823 Iturbide was dethroned and executed, and his successor withdrew. A new but less

*Mr. Roberts's article entitled "British West Indian Aspirations," appeared in the August issue of this magazine.

stable Central American government was set up. But the seeds of disorder had been sown. The union lasted until 1838. Then revolution swept the land, and the five Provinces emerged as individual republics.

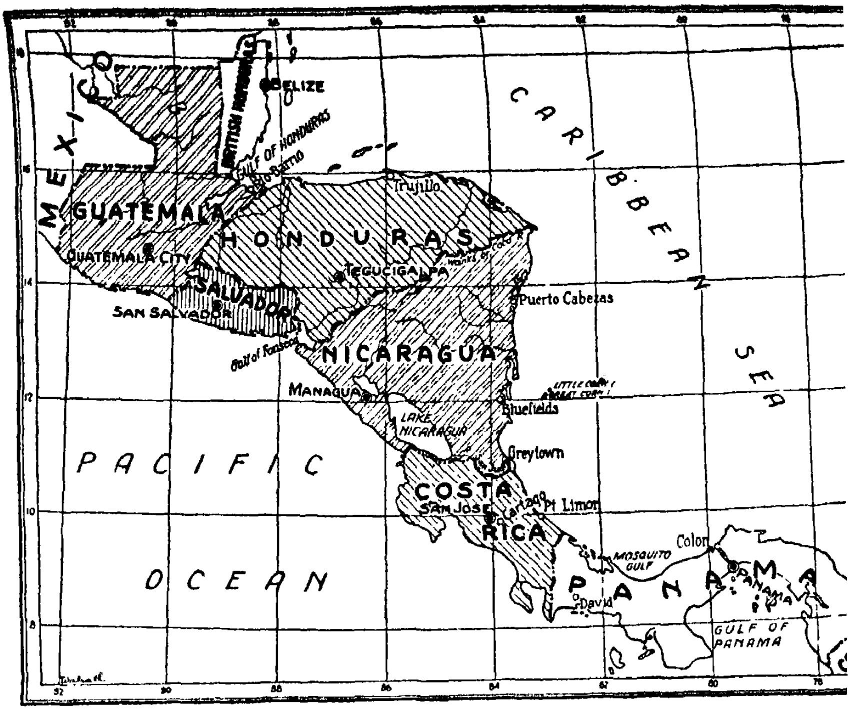
President Morazán of Honduras tried in 1842 to re-establish the union by force. He failed and was put to death in Costa Rica. The American filibuster William Walker conquered Nicaragua in 1856 and had himself elected President. He was perfecting plans to seize the four other States when he antagonized Commodore Vanderbilt of New York by revoking the latter's concession for a transit route from ocean to ocean. Vanderbilt financed a Costa Rican Army against Walker, and the filibuster lost his life before a firing squad. The dreams of Jérez of Nicaragua in the Eighteen Sixties, and of Barrios of Guatemala in the Eighteen Eighties, also came to naught. El Salvador, Honduras and Nicaragua agreed in 1896 to a union which was recognized by the United States, but it did not endure.

In 1921, the centenary of freedom from Spain, Guatemala took the initiative and obtained the adherence of El Salvador and Honduras. Costa Rica gave signs of being willing, but Nicaragua declined because of the Bryan-Chamorro Treaty of 1914, which conceded canal rights and naval bases to the United States. The terms of this treaty were known to be obnoxious to Nicaragua's neighbors, for reasons which will be explained later, and she feared that a union might denounce it. The original three went ahead, signed a federation agreement, chose Tegucigalpa as the seat of government and actually convened a constituent assembly. At that moment there was a revolt in Guatemala and the new President, Orellana, bluntly pulled his country out of the union. El Salvador and Honduras threatened to go to war to coerce Guatemala, but they were warned against this by the State Department at Washington, and the union dissolved.

Another important attempt at cooperation was the Central American Court of Justice, an outgrowth of the partial union of 1896. This court, established at Cartago, Costa Rica, and later removed to San José, had the power to settle all disputes affecting more than one of the republics. It received the blessing of the United States, and Andrew Carnegie endowed it with a magnificent building. In 1918 it upheld the claims of Costa Rica and El Salvador that their rights were violated by the Bryan-Chamorro Treaty. The United States refused to accept the verdict, and the court put an end to its own existence.

But the noting of a few major events gives only a faint idea of the blood-splashed history of Central America during the past hundred years. In each one of the five countries there have been merciless civil wars, waged in some cases over the issue of union, though more often merely in the interests of rival candidates for office. Spectacular dictatorships have been set up, such as that of Manuel Estrada Cabrera in Guatemala, which ended in 1920 because the President had become insane after twenty years of tyranny. On the other hand, everywhere except in Costa Rica there have been crises resulting in changes of the government three and four times in a single year.

Despite this record of chaos, which would have been enough to kill many a movement, there has been uninterrupted support of some description for the dream of a united Central America. The tenacity of the idea has been due largely to the survival from Colo-



The Countries of Central America

nial days of the Liberal and Conservative parties. The names have a local significance and do not imply a resemblance to Liberals and Conservatives elsewhere. A Central American Liberal is a spiritual descendant of the fathers who founded the original republic, resisted Mexican aggression and opposed disunion in 1838. A Conservative stems from the faction which would have preferred to remain Spanish, and which later declared for the independence of the separate Provinces because this would be a blow at the Liberals.

Even in the meanest revolution the old war cries are raised. And, naturally, a Liberal administration has always tended to be a pro-union administration. The party has been more eager on the subject in some countries than in others. Thus, Honduras is the strongest for union and Costa Rica the most indifferent. There have Liberal régimes, such as the lon tatorship of Zelaya in Nica (1893-1909), which have shrugg thing aside as being hopeless. generally speaking, the Liberals persistently revived the issue, cially at times when they have b power locally and have feared were about to be ousted.

A second and more recent sou strength for unionism has bee steady growth of a third party advocates this and nothing el was founded in 1899 as the C American Union party, with Dı vador Mendieta as president. It its membership from all the rep Mendieta is a Nicaraguan. Diaz vez, his chief lieutenant, was onc President of Honduras. Almost members of the government whic out of office in Tegucigalpa las

were adherents of the Central American Union party, including the President, Dr. Vicente Mejia Colindres. The party repudiates the scheme of federation as being certain to keep old jealousies alive. It would substitute a centralized government which would rule the whole territory, divided into about twenty Provinces.

From the standpoint of economics and trade the unionist theory is impressive. This is how the five republics of Central America shape up:

	Square Miles.	Population.	Public Debt. (Approximate).
Guatemala ..	42,353	2,454,000	$14,000,000
Honduras ...	46,332	859,761	16,000,000
El Salvador..	13,173	1,459,578	22,000,000
Nicaragua ..	49,200	750,000	3,500,000
Costa Rica..	23,000	515,000	30,000,000
	174,058	6,038,339	$85,500,000

Exports and imports have been fluctuating so violently since the depression that any attempt at exact figures would be misleading. Roughly, Central America has been having an annual turnover of between $50,000,000 and $60,000,000, with the balance of trade in its favor and the United States participating in about half of the total business.

Bananas and coffee are the chief products, with timber, sugar and livestock important in some regions, and all other sources of wealth neglected. Vast mineral deposits are left practically untouched. Inadequate means of transportation account for this state of affairs. The banana and coffee interests have built their own railroads, limited to the section of each country in which they operate. Guatemala and Costa Rica have linked their Caribbean and Pacific Coasts by rail. But there is no railroad which connects the five republics with one another. There is not even a good dirt road.

As a result, interstate trade scarcely exists. Nicaragua in 1929 sold only 4 per cent of its exports to other Central American countries and bought only 1 per cent of its imports from neighbors. These figures may be accepted as typical of the regional isolation which retards the progress of the small republics. They maintain five different sets of machinery for dealing with the outside world, and deny themselves the reduction in cost which a pooling of interests would bring about. They place efficient health and educational services beyond their own reach. Such, at any rate, is the unionist argument, and it seems plausible enough.

A modern element was introduced when aviation came into the picture but the Central American governments cannot claim to have promoted this. Lindbergh's experimental flight in 1927-1928 blazed trails in a general sense, as well as air trails. He made the first direct journeys from capital to capital that had ever been accomplished, for Tegucigalpa, Honduras, is not served by a railroad, and between Managua, Nicaragua, and San José, Costa Rica, there is not even a connecting system of foot paths.

The Pan American Airways now operates a regular passenger and mail service from Guatemala City to Panama, with stops in all the republics. Unionist leaders say that this is proving an object lesson in favor of their cause. Yet it has little effect upon commerce, since the amount of freight which can be sent by aerial parcel post is negligible.

Napoleon III foresaw "an extraordinary degree of prosperity" for a united Central America. It is felt that he was right in theory. But the first need is better communications, which would result in the cheaper handling of exports and enhanced consumption

of imports. Manifold social gains for the inhabitants would follow.

The obstacles to union are formidable and will not be quickly overcome, if ever. They may be catalogued briefly as follows: (1) Local patriotism, which may be misguided, but is an honest sentiment with a large part of the populace in each republic; (2) the attitude of certain political leaders who are now big frogs in a small pond, and dislike the prospect of becoming little frogs in a large one; (3) the question of the public debt, which is disproportionately great in some of the countries; (4) the interests of American concessionaires, notably the powerful fruit companies; (5) the veto power of the United States Government with its hold on the Nicaragua canal route by reason of the Bryan-Chamorro Treaty.

As to local patriotism, there has grown up in a hundred years a genuine pride in being a Guatemalan, a Nicaraguan, a Costa Rican, and so forth, as the case may be. The foreigner finds it difficult to perceive the differences, beyond the outstanding fact that Costa Rica has a preponderantly white population, while the majority in the other republics is composed of Indians and mestizos. There it is, however—an emotion to be reckoned with.

The late General Sandino, an advanced Liberal and nemesis of the United States Marines, was quite ardently Nicaraguan. He did not preach the union. Salomón de la Selva, poet and labor leader, who has devoted his pen to the praise of Sandino, is every bit as national. He writes that Nicaragua's pedestal is empty in the Hall of Heroes at the Pan American Union in Washington, and nominates Sandino for the place. His words breathe local patriotism, strangely vehement as coming from a labor man.

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tively prosperous countries, should not be asked to share in the debts of the weaker. The point could be amicably settled by prorating the responsibility as a preliminary to union were it not for irksome foreign control over some of the debts. The United States looms large in this connection.

Available figures mask queer secrets and are not to be taken at their face value. Thus, in the table given above, Nicaragua is shown to have a total debt of $3,500,000, about half foreign and half internal debt. But the United States has maintained a customs receivership in Nicaragua since 1912, which applies the proceeds to the service on an American loan wherewith a huge European obligation was refunded. Nicaragua would be worse off, on paper, if it were not for this arrangement. She would be freer, however, to enter the proposed Central American union.

A looser sort of customs control exists in El Salvador, the United States supervisor having merely the power to check the work of local officials as long as there is no default on America's share of the debt. In 1925 Honduras owed to English bondholders £30,000,000, a sum which she could never hope to pay. An agreement sponsored by Washington liquidated this debt by the payment of a total of £1,200,000, in semi-annual instalments without interest, over a period of thirty years. A new American loan, to cover the early instalments, then became a first charge on the revenue.

A political uproar in Costa Rica against "the menace of American capital" caused that country in 1927 to borrow several million dollars in Spain. Costa Rican newspapers have declared time and again that the money actually was provided by New York banks and that the latter were permitted to set up some form of secret control. This may not be true, bu it is one of the arguments whi cause Guatemala, with her small deb to hesitate about casting in her fina cial lot with the rest of Central Ame ica. Señor Skinner Klee, Guatemala Minister of Foreign Affairs, state recently that the union was "a to too beautiful dream," because of th "great inequalities among the variou republics" and the debt question particular.

The activities of American concessionaires have militated agains union in the past, because many them entered local politics and he the theory that it was easier to co rupt a small State than it would to bribe the officials of a powerf union. A certain American promot became notorious for his stateme that "in Honduras it is cheaper to bu a Deputy than a mule." The Unite Fruit Company is popularly suppose to have elected its own men in Cos Rica at the beginning of the centur In the 1928 Honduran Presidenti election this company was accused backing the Conservative candidat while the Cuyamel Fruit Compa backed the Liberal. Adolfo Diaz u doubtedly was put forward by forei interests in Nicaragua twenty-fi years ago, after the fall of Zelay Diaz was working as a clerk at salary of $28.83 a week for the Ame ican-owned La Luz y Los Angel Mining Company when he was ma President of the republic.

But no large American concern as far as I know, are now trying play this kind of politics in Centr America. The Cuyamel Fruit Compa has been merged with the United. T latter and the Standard Fruit Co pany between them have invested a most $50,000,000 in Honduras alo This sum includes their railroad ente prises and other subsidiaries. T

United also has vast interests in Guatemala, Nicaragua and Costa Rica. El Salvador is the only country in which bananas do not count; but the foreign coffee magnates there and also in Guatemala and Costa Rica have evolved a new attitude toward governmental stability.

Instead of trying to control the State, these capitalists remain neutral between the parties and seek to discourage civil wars. They have discovered that if they help a friendly candidate to win, it serves merely as an incentive to an unfriendly one to take the field. Today their only fear about a union is that a union government might seek to revise the terms of their concessions. Many of the concessions are unduly favorable to the companies, having been sold for cash long ago by corrupt dictators.

It is impossible to escape the conclusion that before the Roosevelt administration the United States made numerous paternal gestures in favor of Central America, but actually blocked union if not progress. The Dollar Diplomacy policy of Secretary of State Knox will be long remembered. Without the frills, it resolved itself into backing a President who would agree to refund European debts with American loans, and using receiverships and the Marines to enforce the deal. Mr. Knox said in defense of his policy that "the State Department will always be glad to take advantage of the American dollar in furtherance of peace on earth and good-will to fellow-men."

Under a régime of this character in Nicaragua, President Chamorro signed a treaty with Knox's successor, William Jennings Bryan, giving the United States the right to dig a canal across the country, as well as 99-year leases for naval bases on Great and Little Corn Islands in the Caribbean and on the Gulf of Fonseca on the Pacific Coast. The canal has not been started. The naval bases have never been established. In some quarters it is believed that the treaty was only a protective one, to prevent some other nation from acquiring the route and competing with the Panama Canal. Yet it becomes increasingly plain that, sooner or later, this Nicaragua canal will have to be built. It is needed as an insurance against the destruction of the older canal in war or by earthquake.

The moment the Bryan-Chamorro Treaty was proclaimed the republics of Costa Rica, Honduras and El Salvador protested. Costa Rica owns one bank of the San Juan River, which is to be part of the canal route. El Salvador and Honduras abut on the Gulf of Fonseca. The three countries argued that a treaty with Nicaragua alone could not be valid. Costa Rica's claim is by far the soundest; it has thus far been totally ignored by the United States.

Unless Washington is willing to negotiate for a new canal treaty in the event of a Central American union being set up, there can be no union. President Roosevelt and Secretary Hull have announced a good-neighbor policy toward Latin America which makes revision of the treaty conceivable. But nothing has yet been done in this direction. The United States has the power to veto the union by continuing to remain silent upon this point.

The Golden Profits of Suez

By FERDINAND TUOHY*

WHO is to own the Suez Canal in the future? And how, meanwhile, are the company's huge private profits on tolls to be regulated so as to afford relief to hard-hit world trade and shipping? After a lapse of thirty years—since the inception of the Anglo-French Entente in 1904—Ferdinand de Lesseps's historic waterway, "hyphen 'twixt West and East," is once more a subject of controversy.

The present concession runs until 1968, but policy and expenditure alike have to be planned far in advance. And there is an immediate necessity to modify the financial intransigence of the French stockholders who, it is held, regard this world highway not as its creator intended—a channel of commerce held open for all and immune from greed—but purely as a means to fat personal dividends. Such profiteering may have been tolerable until the great dislocation and depression set in, but it has now become no longer acceptable as the new economic order develops—away from the exclusively private control of great public utility corporations, and above all an international one like this.

Suez shipping is being virtually "held up," told to stand and deliver. Incredible to relate, it has still to pay in pre-war gold francs—$10,000 for a vessel of 5,000 or 6,000 tons—and the effect among other things is that Eastern markets are being lost. Hence the plaint. It is mainly an Anglo-French dispute; yet others come into it, notably Germany and Italy and Japan.

This year's presentation by the Suez Company of its annual report, for which stockholders and directors assemble each June at headquarters in the Rue d'Astorg, Paris, hardly served to lessen the clamor. Figures showed a slight improvement over the preceding year, that is, more profits. Closer British and French trade relations with their overseas possessions, more vessels returning to the East in ballast at half price, the Japanese accretion of tonnage, and of course use of the canal by a great body of regular shipping that simply cannot avoid it, dues or no dues, accounted for an upward trend of tonnage. "It is sheer extortion," fulminated critics, "charging a third more than Panama does [there are subsidiary Suez taxes] during these intensely difficult times!" To which the French directors replied in effect: "The more aggressively you pester us, the less we shall be inclined to consider your complaints."

An Old-World courtesy, from faithful and bechained retainers, surrounds the caller at the company's headquarters in the Rue d'Astorg. The street is gloomy and the building uninteresting, but in the doorway, welcoming you, in replica of the famous statue at the Port Said entrance to his wonder-work, stands Ferdinand de Lesseps. "Please come through, won't you?" de Lesseps seems to be saying; which was, in fact, what he did say. One proceeds down corridors display-

*Mr. Tuohy is the author of several books, the most recent of which is *Crazi-ways, Europe* (1934).

ing paintings, prints, models, busts, all appertaining to the proud marriage of the oceans consummated in 1869. At one point attention is halted by a wall covered with bronze plaques and photographs. Scrutiny shows them to refer to the illustrious ones of the Third Republic—Presidents, Premiers, Foreign Ministers, Ambassadors. All have been directors of the Suez Canal Company, Paul Doumergue and Louis Barthou being among the latest. A directorship is a reward for political services, a handsome pension on which to live comfortably in retirement. The work: a dozen formal attendances a year, and apparently not too strict attendances, either, since seven of the thirty-two directors form a quorum. The emolument: $17,000 a year.

Once a month the directors convene in these halls to discuss the latest statement of affairs. An infallible sign that the board is about to meet is conveyed by the announcement in the newspapers that "Sir Robert Horne [or Sir Ian Malcolm or some other] has arrived at the Ritz." There are ten British directors and one Dutch. The remaining twenty-one are French. No other country is represented, and the president or chairman is always French, together with his immediate lieutenants. Whatever Disraeli brought off in the way of a coup for England when he secretly bought the Khedive's majority shares, there is absolutely no sign of England at Canal headquarters in Paris, no more than there is on the spot at Port Said, Ismailia, or Port Tewfik. The entire "works," human and other, are French to the core.

The French are gloriously and rightly proud of this, their greatest national achievement outside France, for it must be remembered that, apart from the brilliant pertinacity of de Lesseps, when the rest of the world was scoffing, France p 80 per cent of the original ca And if at one time, in the Eig Eighties, the French were arr and deliberately impeded fo shipping, in fairness it has to b that you will never find an to challenge the entirely ade and courteous present-day cont the canal. On that head the unanimity.

In the Rue d'Astorg, financia engineering sections, banking, and other departments are unif staffed by a French secretariat mansion in a Paris back street treasure house of world-wide mation. Here is available every concerning the industry and merce of Europe, Asia, Aust Africa (America, too, yet Panan duced that story considerably); harvests will be like; the effe economic nationalism and New of Japanese dumping and of E pipe-lines, of the challenge o longer Cape of Good Hope rout of the considerably cheaper Pa passage; shipbuilding projects probable world demand for oil, metals, cereals, sugar, wool, v Everything has to be weighed reweighed in the Rue d'Asto that policy may be advantage planned. Probably no other roof ters such a composite picture c economic universe today, for no company is so intimately part The only thing that does not co the directorate is defense. Th left, by agreement, to the B armed forces.

From Paris, then, policy is exp to executive headquarters at Ism there to be put into execution by 500 French officials, either e lished in a cool and green oasis lo or else scattered along the 100 of banks or intervening lakesi

the waterway. A large local staff has to be maintained because work on the canal is never-ending: lengthening breakwaters, dredging, widening, straightening. About 2,500 natives are permanently employed and under very different conditions from the horrible and deadly forced labor under which 30,000 miserable Egyptians were compelled to dig much of the great ditch long ago. Wages now amount to $4,000,000 a year and Sir Ian Malcolm is able to write: "No body of workmen in Egypt, and few elsewhere, are in such comfortable circumstances, for, apart from their financial and industrial situation, the company provides them with cheap houses, dispensaries, hospital accommodation, cooperative stores, schools, sports and—most important of all—a plentiful supply of filtered water at 50 centimes a ton." Just now a new camp for native labor is being built opposite Port Said, to be called Port Fuad after the King of Egypt. As for the French personnel on the canal, its garden city at Ismailia has long been the envy of white Egypt. Sons and relatives all want to get into the service of a company which can be so lavish.

Thanks to devoted effort, the canal, which at one time took as long as three days to pass through, now requires only a little over thirteen hours, while it is able to accept a 23,000-ton freak like the British aircraft carrier Eagle. The average depth has been increased of late to forty-five feet and the width to seventy yards. In places it is 150 yards wide. Many miles are accounted for by the Bitter Lakes. About fifteen ships can pass through in twenty-four hours, the number having been doubled by the use of searchlights at night. But vessels still have to tie up to allow others to pass. The record year was 1929, when the number of passages north and south was 5,000. Last year's figure showed a slight falling off compared with this. Still, 31,000,000 tons (double the figure of a generation ago) and 260,000 passengers hardly represent "crisis"!

In fact, the Suez can boast of being the most resilient company of the great slump the world over. "Whereas commerce in general has only progressed about 10 per cent from the pit of the depression, our advance has been one of 20 per cent. Whereas international trade still is about 35 per cent lower than in 1929, our diminution has been hardly 20 per cent." Moreover, the opening months of 1934 show a further improvement.

All this seems highly satisfactory. Yet not so to every one—such bodies, for example, as the Liverpool Chamber of Commerce. Voices are growing ever more clamant that the company is exploiting the distress of others; that it has an unjustifiable stranglehold on the sea-borne commerce of the world which is incompatible with post-war thinking; that the dues are far too high and that the hard-hit shipping cannot afford to pay them any longer.

The charge is not new but circumstances are; and the indictment has not been so vehemently and insistently heard since the canal was debated in stormy sittings of the House of Commons in Gladstone's day nearly fifty years ago. In reply, the directors protest that they have reduced tolls more than once in late years (in point of fact they have squared the effect on profits made by such reductions by greatly economizing on canal personnel and development). Yet the critics will not be appeased. Why, they demand, is this company, which by every token should be international, allowed to talk in a dead and gone coinage — the pre-war gold franc —

which even the French themselves have quit, as they did in 1928, to the extent of a full four-fifths? The French proudly proclaim that they are at present on gold. What, then, were they on in 1914? Platinum? Tolls at 5.75 pre-war gold francs a ton (about $1.90) must cease!

Two principal protagonists have emerged in Sir Arnold Wilson, a member of the British House of Commons and an authority on the Middle East, and the Marquis de Vogüé, the present head of the company in Paris. If I compress rightly, here are their points of view:

For the British: A private company should no longer be allowed to monopolize a vital international highway when its demonstrated acts represent the acme of financial die-hardism. In distressed times such as these its profits are out of all reason. The dominant French influence runs the canal not in the interests of world trade and shipping but for the stockholders. Receipts in 1932 were 834,000,000 francs, and expenditure only 290,000,000. No less than 500,000,000 francs was distributed in gain: 71 per cent to the shareholders, 15 per cent (ex-Egyptian holdings) to the Crédit Foncier, 10 per cent to Founders, 4 per cent equally to directors and staff. In the past dozen years, $250,000,000 have been so distributed. Not only can the company, being French, rely in all confidence on the Paris law courts, to which it is subject, but a vital clause stipulates that one shareholder may not hold more than ten votes at the general assembly of shareholders when policy is voted on and approved. This clause hamstrings the British Government, which, despite its huge holding of 46 per cent of the shares, can only exercise the voting strength of a solitary shareholder among scores. As a start, these official Britis shares, which Disraeli meant shoul have an importance other than pur ly strategical, should be split up int a considerable number of small holdings, each one of which woul then mean ten votes.

Moreover, the British contend, it high time Germany were admitte back to the board, in view of her se ond place in traffic. Italy should als be represented, for she has almost many ships as France using the cana In these times we simply must clea away every possible obstacle that li in the way of world trade and reco ery. The high tolls of the Suez for one of the greatest of these obstru tions. One would like to boycott th canal for a period, but that woul probably lead only to the company greatly augmenting the dues on suc shipping as had no option but to us the canal. The legal and administra tive system of the canal has been th same since about 1860, whereas thi is a totally different world toda De Lesseps did everything he could t preserve his creation from being ex ploited by shareholders' greed. H wished his masterpiece to be a wide open world utility. We ask no more.

To which comes the French repl along these lines: Profits are due t prudence and foresight and to re serves put away in boom times. Orig inal French faith and audacity de serve rich rewards. And does not th British Government draw $7,500,000 year in dividends? Is it complaining It is possible that other reduction may come in time—though there is n hope that we shall take into accoun the precise nature of cargoes an assess them according to whethe they are oil or wool or this or that The suggestion that the Egyptia Government should intervene and at tempt to modify the existing conces-

sion would be tantamount to sheer robbery. Shareholders, many of them new, have paid heavily for what they hold, on the assumption that they will go on holding their property. Again, if any government sought to evade the one-shareholder-ten-votes stipulation, thereby trying to control the annual meeting, that would lead to sharp diplomatic reactions. With regard to swollen dividends, even today shareholders have barely been recompensed for what they had to sacrifice during the war. As for extravagance, we have cut down staff costs by 27 per cent.

It should be stressed that the battle is outside, not inside, the directors' room, where the most suave and exquisite courtesy and cordiality prevail between French and British directors—three of the latter, by the way, representing the British Government. This government is torn between its own interests, that fat dividend it receives and the claims of its shippers and merchants, since if dues are reduced the Treasury will suffer. Similarly, the French Government is by no means eager to see a scaling down, inasmuch as last year it drew taxation to the tune of 77,000,000 francs from the Suez stockholders. As Sir Edward Grey once said, "This is a very complicated business."

The United States is, of course, considerably interested in what may happen in regard to the Suez Canal. The company, in its latest report, professes not to be disturbed as yet by the big Panama improvement last year; the assertion is that this was almost wholly due to American intercoastal traffic. It might be nearer the truth to say that clients of the Suez Canal are looking across at Panama more and more and will use it whenever they possibly can. In this connection Sir Arnold Wilson makes this interesting comparison of tl two waterways:

"Unlike the Suez, the Panama Can is owned and controlled by the go ernment of the United States, wl constructed it at the cost of the Sta and who maintain and operate it virtue of a series of internation treaties. The Suez is 100, the Panan 50 miles long. The Suez runs at s level; the Panama rises by three loc at each end to a height of eighty-fi feet above sea level. The Suez cc $150,000,000 to build; the Panan $375,000,000. The Suez is unfortifie is open to the commerce of all natio in peace or in war, provided they c reach it, on payment of the authoriz dues. The Panama is a fortified zo under the military occupation of t United States Government. The Pa ama zone is subject to American l and governed by an official whc salary is $10,000 a year—less th that of any of the thirty-two direct of the Suez."

It is further pointed out that ab 7,000,000 or 8,000,000 tons less a ye pass through the Panama Car which lost over $13,000,000 in first eighteen years of operation. cost rose in that time to over 48 cent of revenue, whereas in the sa opening period of the Suez Canal co amounted to but 13½ per cent there was a fat profit for stockhc ers. Since that time Suez profits h soared sky-high. And yet Pana dues continue lower! However, whe er it can be used more must dep on several factors besides dı notably fuel cost, cargo available intermediate ports and the weathe

From the inception of the S Canal in 1854 until the agreement 1888, de Lesseps's work remained the forefront of acrimonious Eı pean debate. It gave birth to a hy headed brood of problems—politi

strategical, commercial, financial. The British, after first calling it a "dirty, stagnant ditch," and doing everything they could to mar its progress, finished by honoring de Lesseps. We know how, dining one night with the editor of the *Pall Mall Gazette,* Disraeli heard that the Khedive's holdings were for sale, and how he then and there secured them for a paltry $20,000,000, having first secured Rothschild backing because the money was not in the Exchequer. "The key of India," "the jugular vein of Empire" was thus presented to Queen Victoria.

Almost as dramatic a day was that in the Summer of 1869 when the canal was thrown open before the assembled mighty of the world. First in the line of seventy vessels to pass through was the imperial Aigle, carrying the Empress Eugénie. Was Napoleon's lovely consort thrilling to the day, on deck? She was below in her cabin, holding the hand of a distraught Frenchman, for a barrage ahead had gone wrong and the whole inauguration threatened to end in a fiasco and uphold the English contention that the canal was doomed to be "an utterly hopeless failure."

To the subsequent vicissitudes and bankruptcy of the great enterprise there is today not the remotest chance of a return. The wind is all the other way. Nevertheless, matters of equal urgency have arisen. What is to be the future of the concession? So far, five alternatives are listed. First, a maintenance of the status quo. Second, the canal to be run internationally, like the Danube, perhaps through the League transportation section. Third, for it to be reorganized on an Anglo-Egyptian basis (the ex-Khedive is the leading exponent of this solution). Fourth, for it to be until the year 2008 a Franco-Egyptian concern, Paris granting the Egyptian Government $80,000,000, split profits, and Egyptian directors. Finally, for Egypt to take the canal over, which is what Egypt now says she intends to do.

It is not possible, though, to visualize this being conceded. Great Britain intends to continue protecting the canal, and France to run it, which she does splendidly. Moreover, the two spent one of the greatest days in the life of the Entente Cordiale when the Turks attacked from the Sinai desert in February, 1915. The French officials made over everything to the British, and the day was won. Such memories are apt to shape policy in the future. Yet there remains the burning question of the dues, of the French stockholders' resolve to hold what they have.

Gil Robles: Scourge of Liberal Spain

By HAROLD COY*

WILL a "strong man," comparable to the outstanding dictators in Europe today, emerge from the present political turmoil in Spain? Or has he already appeared, as many believe, in the person of José María Gil Robles, the shrewd and determined leader of Catholic and conservative Spain against the revolution of 1931?

One thing is certain. If Gil Robles is to be master of Spain, he must first destroy the liberal movement that arose after the defeat of Spain by the United States in 1898. At that time a generation of young intellectuals, "the generation of '98," appeared as eloquent prophets of a new Spain that would no longer be complacent over faded glories, but would seek a respected place in the modern world. Angel Ganivet, their chief source of inspiration, confessed: "Until recently we could not build a warship, and until very recently even our machinists were foreigners." He and his disciples untiringly called on Spain to modernize her economy, to reform education, to liberalize social institutions, to disestablish the Church, to dissolve the remnants of feudalism, to "become part of Europe." When the republic came in 1931 and Spain adopted an ultra-democratic Constitution, it seemed that at last the aspirations of the generation of '98 were to be realized.

Yet that same year 1898, which galvanized into action a generation of liberals, also saw the birth of Gil Robles, destined to become their scourge and antithesis. Today, at the age of 35, Gil Robles occupies the centre of the political stage and embodies, proudly and militantly, the reaction against the revolution and all its fruits. He heads the party known as Acción Popular, is branded a counter-revolutionist, and accepts the appellation not as a reproach but as a title of honor and even dares to use it as a battle cry.

"Our mission," he declares, "is not to check and modify the revolution, but to liquidate it entirely." His party has already seen a considerable part of its mission translated into reality. Although not represented in the Cabinet, it has done more to shape Spanish policy in 1934 than even the governmental parties. Gil Robles, it is widely believed, is the real ruler from behind the scenes. He himself boldly announces that his party will take actual command in the near future.

Those who do not wish to see the revolution liquidated are equally emphatic in swearing that Gil Robles shall not rule. As a result the politics of Spain today has turned to bitter conflict. There are demonstrations and counter-demonstrations, threats and counter-threats, political forays and protest strikes, spirited polemics that now and then flame into street conflicts, and a growing roll of martyrs on both sides.

The Socialists form the backbone of the resistance to Gil Robles's counter-revolution. They and Acción Popular,

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the members of which are called *populistas*, are the two best organized parties in Spain. Each has vowed the political annihilation of the other, and both, according to rumor, are accumulating arms and attempting to win the support of the army. The Socialists want to carry the 1931 revolution through to the liquidation of the large landed estates, the nationalization of industry and banking, the complete secularization of the State and the establishment of a federal republic. Acción Popular, on the other hand, opposes any kind of socialization as unsound and un-Christian, would repair the wrongs it believes religion has suffered and seeks the solution of social conflict in the influence of the Church. It would check the "crazy dreams" of the Catalonian autonomists and erect a strong hierarchical rule based on anti-parliamentarian principles.

It is significant that neither side hopes to achieve its full program by democratic, constitutional means. The Socialists have lost their reverence for political democracy, and Acción Popular never had much faith in it. "We see what has happened in Austria, Germany and Italy," said Largo Caballero, Socialist chief and former Minister of Labor, in a recent speech in Barcelona. "Capitalism will defend itself to the last ditch. Before we can enjoy political liberty we must have economic liberty." As for Gil Robles, he declared in a pre-election speech in Madrid last Fall that "holding honest elections, according to the rules of modern democracy, is an act of innocence which does not occur more than once in the history of each people."

These two forces, neither of which places much faith in parliaments, constitute half the present Spanish Cortes. If the monarchist and other Right groups are added to them, the anti-parliamentarian elements have a clear majority. Most of the remaining Deputies belong to the bloc made up of Alejandro Lerroux's Radicals and Ricardo Samper's Valencian Autonomists. They hold the balance of power between the Socialists and Acción Popular. As they are disposed to carry out Gil Robles's minimum program they form governments and receive the votes he controls. The now old-fashioned Republicans of 1931 are hardly a handful, perhaps sixty out of 473, and more than a third of them, representing the Catalonian Left have deserted the Cortes in protest against the limits set on Catalonia's authority to enact land reforms.

Spain's swing to the Right is commonly attributed abroad to a conservative landslide in the elections last Winter, resulting from disappointment with the Azaña régime, especially on the part of women voters whose religious sensibilities had been offended. This is only partly true. The present struggle between Right and Left is much less unequal than might appear from examining the composition of the Cortes. The fact is that Spain's peculiar electoral law, which is highly favorable to coalitions as against dispersed political groupings, had even more to do with the Right victory than popular sentiment. Under this law an "anti-Marxist platform," in which even the Radicals participated in many places, won representation that was quite out of proportion to its popular vote, while the badly divided Left Republicans suffered serious losses. Furthermore, the elections, which were supervised by a Lerroux government in such a scandalous manner that Lerroux's own Minister of Justice resigned in protest, were boycotted by the Anarcho-Syndicalist labor federation, which numbered 1,000,000 members and had permitted voting at previous elections.

Nevertheless, the outcome was at least a great strategic victory for the Right. It had become the voice that counseled, even if it was not yet the hand that executed. Its leader, Gil Robles, the welder of coalitions, became the most powerful man in Spain. Yet he did not entirely emerge from obscurity. He preferred to exercise control indirectly, while preparing on sure foundations for a more active rôle. Even when the foundations of the Republic were being laid and he headed a minority too weak to do anything but protest against the sweep of the revolution, he was so adroit in marshaling his forces and articulating their point of view that *Le Temps* (Paris) called him "the clearest voice in the Constituent Cortes."

Gil Robles recently married the niece of one of the Counts of Revillagigedo, thus uniting himself with what is reputed to be one of the three greatest landowning families of Spain. His social origin, by comparison, was humble. His father was a professor of law at the University of Salamanca and served for a time as Deputy in the Cortes. He was a man of at least local renown for scholarship, a spokesman for the traditional values and a leader in combating the liberal ferment which the generation of '98 was introducing into university circles. The son came by his anti-liberal attitude naturally.

After receiving elementary instruction in Jesuit and Salesian schools, Gil Robles matriculated at Salamanca, and continued the battle which his father, now dead, had waged. He and another youth edited a campus paper which attacked university figures who were known for their advanced ideas. Miguel de Unamuno, who might be called the dean of Spanish letters, was a favorite target. Four or five women students who ventured to enroll in those days still recall the scorn with which Gil Robles reminded them that their place was in the kitchen.

The future Right leader took his licentiate in law at Salamanca and his doctorate in Madrid. While performing his military service, he failed in an examination for corporal because he did not define "fatherland" to the satisfaction of the examining officer. Soon afterward he passed examinations for a professorship in constitutional law at a provincial university, but did not take the post. He entered journalism instead, rising to be assistant editor of *El Debate*, pro-clerical Madrid daily and now the chief organ of Acción Popular. His journalistic duties took him to other parts of Europe and to America. He specialized in writing on trends in government, and interviewed Mussolini, Machado and the late Mgr. Seipel. The technical side of newspaper publishing also claimed his attention, and while in America he spent several days studying the plant of *The New York Times*.

His duties as a newspaper man did not keep him from practicing law, engaging in politics and working for the Church. He organized Catholic youth groups for Acción Católica and study circles for the Association of Catholic Propagandists. Under the Primo de Rivera dictatorship, he helped draft a system of municipal statutes and found time to write several treatises on constitutional law.

"Work makes me fat," Gil Robles is fond of saying. He is slightly stout, slightly bald, of pleasant expression and average height, thick-lipped, small-mouthed and broad of jowl. His speeches are of the forceful inspirational type, lightened now and then by a touch of irony. He is shrewd in negotiation, quick in retort and skilled in crushing hecklers—all necessary

qualities for a successful Spanish politician.

The decisive moment in Gil Robles's career arrived when Angel Herrera, the editor-in-chief of *El Debate,* picked him for his assistant. Herrera is reputed to be the directing mind behind the Jesuit order in Spain. Two of his brothers are members of the order, and it is said that Herrera, eager to serve the Church, was advised to do so in a lay capacity.

When the revolution came, when angry mobs were burning convents and demanding expropriation of Church property, when the Cortes decreed the dissolution of the Jesuit order and the confiscation of its wealth, the hour had struck when Gil Robles was needed. Herrera had organized Acción Nacional (later to become Acción Popular) seven days after the revolution, as a rallying point for the beleaguered conservatives. But new blood, young blood, was needed. The counterassault could not be led by men who had been in the limelight under the monarchy. Today, most of Gil Robles's deputies are men between thirty and forty.

Stubbornly yet shrewdly, always biding his time, Gil Robles has gradually regained a great part of the ground that was lost in the early days of the revolution. The main achievements he lists as due to his party's influence are these: (1) Saving the Church schools from being replaced by lay schools; (2) persuading the government to undertake negotiation of a concordat or understanding with the Vatican; (3) granting a subvention to the clergy, despite the constitutional prohibition, on the theory that they perform civil functions and are therefore civil servants; (4) repealing the "law of municipal limits," which prohibited landlords from hiring outside labor while there was available unemployed labor at home; and (5) winning amnesty for monarchists who participated in the Sanjurjo uprising of August, 1932. The next step he contemplates is modification of the Constitution, especially for the purpose of repealing Article 26 which dissolves the Society of Jesus and regulates other religious orders.

Socialists, Left Republicans and even some conservative Republicans habitually refer to Gil Robles as a would-be Hitler or Mussolini and Acción Popular as Fascist. Sometimes the party is called Clerical Fascist to distinguish it from the Spanish Phalanx, an avowed Fascist organization, as yet rather small, which is led by young Primo de Rivera, son of the late dictator. Acción Popular, speaking for itself, asserts that it finds its inspiration deep in the soil of Spanish tradition and hence is not to be confused with any foreign movement. Analysis reveals certain resemblances to classic Fascism, and certain divergences. Because of its close relationship with the Church and its dependence for much of its support on the landed rural population, Acción Popular in power would probably be like the recent Dollfuss régime in Austria.

A writer for the review *Blanco y Negro* recently put the question of fascism to José María Valiente, Gil Robles's law partner and political lieutenant, who was then in charge of the Acción Popular youth section. The interview was republished in *CEDA,* the fortnightly bulletin of the party and of certain regional groups federated with it.

"The liberal State is played out," Valiente declared. "It has realized its historic mission and must be replaced. * * * The doctrine of the all-absorbing State separates us from fascism. For us, the State must recognize the family, the municipality, the liberty of

teaching, that is, the right of parents to educate their children, the freedom of the press, but severely regulated, and human liberty, understood as our theology understands it, and not in the liberal manner. There must be a strong, very strong authority to impose the law on everyone without question or hesitation."

Asked about the anti-parliamentary stand of the *populistas*, Valiente replied: "Parliament is inadequate for the needs of today. They call for an executive power much stronger and quicker to act than a cumbersome, wordy, exhibitionist deliberative assembly will permit. We uphold the need of a Cortes elected, not by universal suffrage, which is unjust, but by organized, hierarchical suffrage. * * * The phrase 'one citizen, one vote' is inadmissible, because not all citizens are prepared for this mission."

If Acción Popular rejects the totalitarian State, to make room for the moral and social authority of the Church, it is neverthelcs strongly nationalistic. Its national youth mobilization last April took place at the historic Escorial, burial place of the Spanish royal line and associated in the Spanish mind with the era of its builder, Philip II. The youth congress, which immediately preceded it, called for "an army and navy capable of defending our privileged geographical position," and declared that "Spain desires peace but to obtain it must prepare for war." While Gil Robles accuses his political enemies of entering into "secret pacts with French Masonry to compromise our neutrality," he is himself accused of seeking to strengthen British interests that are alleged to be linked with concealed Jesuit holdings.

Four enemies "who wish to annihilate Spain" are depicted on a widely used Acción Popular election poster. They are "Marxists, Masons, Separatists and Jews." Anti-Semitic propaganda, however, tends to be a minor note in the program, for the number of Jews in Spain is negligible. Separatism, especially Catalonian separatism, is regarded by Gil Robles as an intolerable threat to national unity, and the Autonomy Statute is a thorn in his side. Ten years ago Gil Robles described Catalonian separatists as "rebels and gunmen." Today he has become more reserved in tone, but advocates, publicly at least, a firm hand to enforce the will of the central government in the dispute with Catalonia. Masonry, in Spain, is a rallying point for elements which have left the Church and hence embraces many of Gil Robles's enemies. But it is Marxism that is singled out for the most relentless fire of the *populistas*. One of their propaganda leaflets depicts socialism in the figure of Satan.

Most Spanish labor unions are under either Socialist or Anarcho-Syndicalist influence. *El Debate* recently referred to them as "enemies of society and the State." The *populista* youth congress demanded that "all unionization affecting services of public interest be placed outside the law." There can be little doubt that Gil Robles seeks to destroy the present dominant labor unions and to replace them with the now numerically weak Catholic unions.

Private property, Gil Robles contends, is a natural right and an essential part of the national economy. Class conflict should be solved in the light of the "Christian sociology of the papal encyclicals," with the State, inspired by these principles, reserving the right to step in when either labor or capital is indifferent to its obligations. Agrarian reform, a prime issue of the revolution, should proceed cautiously. In taking land, preference

should be given to that voluntarily offered for sale, and in any case it should be paid for at its just value.

Reform should aim at "the Christian concept of small individual holdings" rather than the "socialistic concept of colonies." Agricultural wages should not be so high as to discourage the laborer's ambition to become a small landowner. Agricultural products should receive strong tariff protection. Wages, in general, should be "in proportion to the value of the product." Families with a large number of children should receive special subsidies. The divorce law should be abolished, and diffusion of birth-control information outlawed.

So much for the program. Meanwhile, Acción Popular is establishing a network of technical commissions, now numbering twenty-two, which have the twofold mission of preparing volunteers for the essential services in case of a strike, regarded as revolutionary, and of elaborating plans for Spain's economic future.

Gil Robles draws his most enthusiastic support from the landed classes, enlisting the loyalty of the larger proprietors and dividing that of the small landholders and tenants with the Socialists and Republicans. While the industrialists have many points of economic conflict with the landlords, fear of the common enemy, Marxism, would incline them toward Gil Robles in an emergency. He also finds recruits among the middle classes of the cities—especially among women, for households are common in which the wife is a devout Catholic while the husband is an atheist and a Republican.

The adoration of Gil Robles has become a veritable cult among some of his followers. After a parliamentary success he will receive hundreds of letters and dozens of telegrams, the latter reading, for example, "Long live the savior of Spain!" The mail brings in a stream of gifts, signature albums and objects of piety. Untold prayers are said for him. Once as he passed, a woman fell to the floor to kiss his feet. At the Escorial demonstration three of the largest banners read: "God Guard You, Gil Robles"; "Our Leaders Do Not Make Mistakes" and "God Inspires, Our Leaders Command, We Obey."

But he is hated by his opponents as passionately as he is adored by his followers. Not only does he lack a mass following among the workers, but organized workers numbering about 2,200,000 are bitterly hostile to his movement. One result of the rise of Gil Robles has been to force the Socialist unions in many parts of Spain to abandon their former moderate attitude and enter into a working alliance with the rival Anarcho-Syndicalist bodies. The day of the Escorial youth mobilization was also a day of protest meetings of workers throughout Spain and of a surprise general strike which tied up Madrid for twenty-four hours. In labor circles it is constantly said that an attempt by Gil Robles to enter the government would be an automatic signal of "every one to the street." The Left Republicans, of course, are also *anti-populista.* In Catalonia this sentiment reaches great intensity, and the provincial government itself not long ago sponsored a great anti-Fascist parade which took hours to pass through the streets of Barcelona.

Nor of late are Gil Robles's relations with the die-hard monarchists any too good. They find him too non-committal. He replies that he is concerned with the essence of power, not its form, and that he is disposed "to serve the republic to save Spain." Nevertheless, he is believed by the Left to

be in touch with ex-King Alfonso in regard to an ultimate restoration. Recently the Madrid monarchist daily, *ABC*, did him an ill service by publishing a dispatch from its Paris correspondent stating that his lieutenant, Valiente, had been in consultation with the former monarch. Valiente denied this, but resigned his post in the party almost immediately to protect it from criticism.

This episode had considerable effect, however, and together with the results of the Escorial meeting—an imposing spectacle but not the resounding success that had been hoped for—meant something like a setback for the *populistas*. The Nazi purging in Germany at the end of June also did them no good, for *El Debate* had been indiscreet enough a year before to praise National Socialism as "a movement which is revivifying all the moral and spiritual values." The Opposition press reprints this remark almost daily.

Nevertheless, Gil Robles continues to be consulted when the government has important decisions to make. Since the Cortes adjourned in July, Right circles have expressed great confidence that there will be a "majority government" before the end of the year. This would mean an official Right-Centre government. It would probably be led by Lerroux, but Gil Robles would enter through the back door as Minister of the Interior and thus gain control of the police forces. At the same time, there is a belief that he may try to enter by the front door even before then by a coup d'état, or that the Socialists may attempt to anticipate such a move by one of their own. Meanwhile, the Republican groups are urging President Alcalá Zamora to dissolve the Cortes, withdraw his confidence from the government, appoint an interim Cabinet of Republican concentration and call new elections. In this way they hope to postpone civil conflict.

The political situation in Spain is much clearer now than it was during the first two years of the republic, when party lines were inextricably confused and even the leaders were uncertain of the ends they wished to achieve. For this Gil Robles is mainly responsible. His program and influence have crystalized the policy not only of the Right, but of the Left as well. Here at last was a leader with definite aims and a determination to convert them into reality. If his opponents were to cope with him successfully, their program had of necessity to become equally definite and their will just as determined.

As for the future, all calculations revolve about the man who personifies the counter-revolution, and all discussions converge on the question, "Will Gil Robles rule Spain?"

Britain's Government Falters

By H. B. LEES-SMITH*

THE National Government of Great Britain has now been in office just three years. Its position is steadily weakening. Whenever by-elections give the people the opportunity to express themselves, the verdict is almost uniformly unfavorable. In the by-elections during the life of the government, the Labor Opposition has nearly everywhere brought the immense majorities of the "crisis election" tumbling down. During the by-elections fought within the last twelve months the figures show a decline in the government poll of 40 per cent. Most sensational result of all has been the elections in March to the London County Council, which the Conservative party has controlled without a break throughout the last generation. Labor won a majority for the first time in its history and gave the National Government the greatest blow it has received since it was formed.

These results have surprised many foreign observers, for they see that under the National Government the budget has been balanced and unemployment has been reduced. British opinion, however, judges the government by its positive policy. This has consisted of two long-promised experiments. Great Britain has been transformed from a free trade into a protectionist country, while a complete scheme of imperial preference was fashioned at the Ottawa Conference. For the last twenty-five years the Conservative party has promised that these two fundamental changes would create a prosperous Britain. They have now been given the opportunity to prove the truth of their predictions, and both their panaceas have failed. To understand the reasons for this disappointment the two schemes have to be examined.

The British and American tariffs are built upon different plans. The American tariff is concentrated upon a comparatively small proportion of articles. It contains a long free list, but then rises to practically prohibitive heights. The British tariff is spread wide but low. The free list is a narrow one; raw materials and semi-manufactured articles are taxed between 10 and 15 per cent of their value; fully manufactured articles pay 20 per cent and a few special articles, in particular iron and steel, pay up to 33 per cent. The general rate averages about 20 and 25 per cent, and brings Great Britain within the low tariff group of countries. The British tariff thus includes within its scope most of the imports of raw materials and semi-manufactured goods. This is a vital fact in the central controversy over the tariff.

British argument for free trade is seldom appreciated in other countries. When the British free trader is told that there is no other free trade country in the world that retains free trade, he replies that there is no other country in the world in the same posi-

*In contrast with the views set forth by Lord Elton in his article, "Britain Turns the Corner," published in the preceding issue of this magazine, Mr. Lees-Smith, a member of the second British Labor Cabinet, presents a criticism from the standpoint of an opponent of the present government.

tion as his own. Britain is a small island containing about 45,000,000 people who would not be able to exist for three months on their own resources, but who live only so long as they can obtain from other countries the food without which they would die and the raw materials without which their industries would decay. They obtain this indispensable food and these raw materials in exchange for the manufactured goods that constitute their export trade.

Protection can assist Great Britain only if it stimulates her exports. But the new tariff taxes the raw materials and the semi-manufactured articles which are used in her export trade, and will, therefore, by raising their cost of production weaken their competitive power throughout the world. Free traders, therefore, assert that the new tariff strikes Great Britain in her most vital spot and that if it is not modified it will reduce her to a second-class power.

The crucial test of the new tariff was therefore bound to be sought in its effects on exports. It has now been in existence for two years, and the first sets of figures of its results are available. In looking at them, it has to be remembered that when Great Britain abandoned the gold standard in 1931 she gave a premium of 30 per cent to her exports and a great increase in them was to be expected as a result. But instead of an increase there has been a decline. The premium to the exporter has been wiped out by the increased costs that the tariff has entailed, so that the criticisms of the free traders have been justified.

On the other main issue raised by the new tariff the verdict of experience is even more definite. At the election of Oct. 27, 1931, Stanley Baldwin, the Conservative leader, based his appeal for a protective tariff on the ground that it would provide Great Britain with a bargaining instrument that would enable her to negotiate with other countries for a reduction of their rising tariffs against her. Arguing that the free trade area of the world would thus be enlarged, he induced a great proportion of free traders to support him. They have been disillusioned. Great Britain has made agreements of the kind that were promised with Denmark, Norway, Sweden, Argentina and Germany. The results have been negligible. All told, they have only secured promises of new markets for 3,000,000 tons of coal. In order to obtain even these results the reduction that Great Britain had to make on her side led to such an outcry in the House of Commons on behalf of the trades affected that the government abandoned all further efforts. We have learned that bargaining with tariffs is bargaining with livelihoods. They are easy to raise but difficult to reduce, for behind them there grow up enterprises and investments, the sacrifice of which involves a vast confiscation of capital.

The failure to secure a reduction of foreign tariffs is serious, for it is now clear that unless Great Britain can secure a revival of foreign trade she must accept a permanent unemployment percentage of at least 15 per cent. The only way to obtain this revival is to form a low-tariff bloc of countries which will agree reciprocally to reduce their tariffs to each other to about 10 per cent. But the National Government is pledged up to the hilt to the present tariff and is cut off from taking the next step that British industrial recovery requires.

The other benefit that the National Government promised Great Britain was imperial preference. The Ottawa

Conference at last brought that about. The Dominions had for many years given Great Britain certain preferences in their tariffs, but the free trade system had prevented her from granting any substantial reciprocity. Now that Great Britain has a tariff she ought in theory to be able to offer the Dominions preferences of real value and obtain in return increased preferences from them, which would give British exports a continually rising share in their expanding markets.

The National Government accepted this theory, but it has always been inherently unsound. The Dominions are determined to develop their own manufactures, and their most formidable competitor is Great Britain herself. They cannot give her really effective preferences, for any increases in the imports of British manufactures can only be at the expense of the industries they wish to build up for themselves. The test of the Ottawa Conference was whether it could resolve this dilemma, but it could not.

Canada increased the tariff on both British and other imports to record heights a few months before the conference began. Prime Minister Bennett gave the mother country certain preferences at Ottawa, but on examination it is found that the tariff against Great Britain today is higher than before he came into office. British exports to Canada have, in fact, fallen since the conference was held. The Australian representatives at the conference proudly stated that they could give Great Britain nothing without the authority of their Parliament, and they followed this up on their return with such meagre measures that all interest in them has evaporated. In New Zealand the Prime Minister, on his return from Ottawa, explained to his Parliament that he had merely antedated by six months certain changes which would have been made without any Ottawa Conference. South Africa has declared both before, during and since the conference that she had little to ask for and still less to give. British Ministers since their return from Ottawa have been markedly silent about imperial preference, and it has sunk to the level of a minor political issue. The basis of a good trade bargain between Great Britain and her Dominions does not exist, and the Ottawa Conference will be the first and last effort artificially to create it.

The failure of the Ottawa Conference has shown that protection carries in its heart a deadly peril to the future of the British Empire. The farmer in Great Britain has won for himself protection against the foreigner, only to find that the place of the foreigner has been taken by the Dominions. As the imports of meat and dairy produce from Argentina and Denmark have been cut down, more and more have come from Australia and New Zealand. The English farmer finds it just as unpleasant to be ruined by an Australian as by an Argentinean. He is forcing the National Government to start excluding empire goods. This latest peril to the empire is shown by the dispute with New Zealand, who sends 80 per cent of her produce to England. If Great Britain cuts off exports from New Zealand to what is practically her only market she will be ruined. She will be unable to buy British goods, or admit British settlers or pay interest on British capital. Protection has ranged the British farmer against the British Empire and has nothing to offer to end the miserable quarrel.

The two chief constructive proposals of the Conservative party—protection and imperial preference—have therefore ended in disillusionment.

This is serious for the future of that party, since the two schemes have been the only remedies for unemployment that they have ever proposed, and, now that they have failed, the Conservatives have nothing left. This emptiness has already been found out, and their only policy now is to "sit tight," while the people become increasingly dissatisfied with a purely negative policy.

The most definite example of this policy is the dislike of the government for any program of public works, although economists insist that, if any public body from the government downward has any work requiring expenditure of capital that must be carried out sooner or later, the time to begin it is now. It will be cheaper today than it is ever likely to be again, for the rate of interest is abnormally low; and it will give work to idle men and help to revive business.

Housing is the chief example of this kind of work to be undertaken in Great Britain. During the war the men at the front were promised that they would return to "homes fit for heroes to live in." Vast sums of public money have been spent in fulfillment of this pledge, and 2,000,000 new houses have been built. This has been the greatest national housing effort of its kind in British history. The result can be seen in neat and pleasant-looking groups of new small houses on the outskirts of practically every town in the land. Houses at reasonable rents are now available for the whole population down to the "clerk-artisan" class. But the one class that has obtained no benefit from this mighty effort is the slum dweller. The new houses have all been taken by the more fortunate classes, while the slums remain even more frowsy and overcrowded than they were before the war.

British public opinion is profoundly shocked at this spectacle. The Bishops and clergy, the London *Times* and a great many spokesmen representing moderate opinion have urged the government to put an end to the scandal. But it has grudgingly resisted taking any step until it has been compelled. It began by asserting that the maximum number of new houses that it could contemplate in any slum-clearance scheme was 12,000 a year, a rate which would have postponed the final solution of the slum problem for about a century. The public indignation roused by this statement then led the government to increase the rate to 40,000 houses a year, but even cautious authorities assert that 200,000 houses a year is the indispensable minimum. Meanwhile, half the men in the building trades are out of work. The débâcle of the Conservatives at the London County Council elections in March was largely due to their failure to grapple with this issue.

This unconstructive temper of the government is revealed in speeches by Ministers. They confine themselves almost exclusively to the financial crisis of 1931 and claim the gratitude of the people for their handling of it. But the people are thinking of the future. The crisis of 1931 is over, but the depression is certainly not. The upward trend of business activity of the last eighteen months has lately been followed by another drop. Mere inaction will not cure the situation. The people are ready for large-scale socialistic reconstruction. Even the middle class, millions of whom have lost their jobs or are lying awake at night in fear of losing them, are no longer scared by the bogy of socialism. But they will not get reconstruction from a government nine-tenths of whose supporters in Parliament are Conservatives. Moreover, neither Stan-

ley Baldwin nor Ramsay MacDonald nor Sir John Simon are temperamentally men of decisive action. The public mind is therefore turning to Labor as the alternative. This is the explanation of the waning strength of the National Government.

The chief criticisms of the National Government, however, are in the field of foreign affairs. When it assumed power the European prospect was gradually brightening. Since then it has steadily become darker. The possibility of another European war is nearer than at any time since the peace treaties were signed. The National Government says that this is due to the unreasonableness of other countries. But the British people, knowing that if things had gone well the government would have claimed the credit, refuse to absolve it of responsibility for the perilous situation with which three years of their administration has concluded.

Great Britain must soon make a vital choice on which the fate both of the government and of the nation may depend—the choice between isolationism and internationalism. The isolationist policy is powerful in the Conservative party and is preached day by day by the *Daily Mail* and the *Daily Express* with their mammoth circulations. Europe, they argue, is rapidly approaching another war and when it comes the wisest policy for Great Britain will be to keep out. She ought, they insist, to withdraw from the Locarno commitments, wind up the Geneva League of Nations and concentrate upon the real League of Nations—the British Empire.

To this the internationalists reply that on the day that Blériot flew the English Channel England became a continental nation. It is willful blindness to think that she can stand outside the European Continent. If the League of Nations dies, Europe will divide itself into two rival systems of alliances. Great Britain will have to join one or the other and fight on its side when the inevitable clash comes. Her policy should be to stand by the one institution which can save Europe from the war—the League of Nations. She should take the lead in making it the arbiter of all disputes and should declare her willingness to support its verdict by economic, financial and, in the last resort, military measures. This view is supported by the Labor and Liberal parties and by a great body of religious opinion in Great Britain.

The National Government is following the feeble policy of vacillating between isolationist and internationalist views. On the one hand, it has declared that Great Britain adheres to her obligations under the Locarno treaties and that the League of Nations is the basis of her policy. On the other hand, Anthony Eden has been put up to declare on behalf of the government that the British are their own judges of commitments under the Locarno treaties, and Sir John Simon has emphaticaly stated that Great Britain shall undertake no new obligations on behalf of the League of Nations. This halting policy has led to the loss of British leadership in Europe. The British public realizes these facts and the reputation of the government has declined as a result.

The latest instance of this negative policy has been provided at the disarmament conference. The British public assumed that the initiative at the conference would be taken by their government. Instead of this, the government thought it more prudent to play the rôle of arbitrators and negotiators. It waited for other powers to put forward proposals first and, when these led to a deadlock, inter-

vened with a compromise—in which British interests have been well protected. The end of all this finesse has been the failure of the conference.

This failure has been the heaviest blow that the prestige of the government has yet suffered. Its consequences have already become manifest. The Air Minister has just announced a vast expansion in the air force. The First Lord of the Admiralty has foreshadowed a great increase of expenditure on the navy. The Chancellor of the Exchequer has said that the budget surplus, won by unparalleled cuts and sacrifices, will be useful for further armaments. A new race in armaments will cut off all hopes of raising the standard of life in Great Britain for the next generation. For this dismal prospect the responsibility rests upon the National Government. The increasing perils of Europe are turning the British mind toward internationalism as the only hope for peace. This change of outlook continually weakens the government and strengthens the Labor party, which has always been credited with an international outlook. On this issue it is winning the support of great masses of opinion from far outside the ranks of the working class, for there has always been a strain of idealism in large sections of the British middle class.

The National Government is destined to founder among these accumulating difficulties. When the wreck takes place, the only alternative is a Labor Government. The Liberal party grows weaker year by year, and it is now irrevocably split into two factions, one following Sir John Simon and the other Sir Herbert Samuel, with Mr. Lloyd George's negligible group outside both. It has won no by-election by its own votes in this Parliament, and at the elections to the London County Council it was completely wiped out and now possesses not a single representative in that body. It has no prospect of returning more than a handful of members to the next Parliament. Labor, in consequence, is making continuous headway among the professional and salaried classes, who were previously the support of liberalism. In particular, Labor has won the support of many of the best minds in the universities and is furnished with a first-class "brain trust." With this help, it is working out detailed plans for the day when it comes into power. In foreign affairs it has always been furnished with first-class expert advice. Its inner circles recognize that its fate will depend upon the thoroughness of its preparatory work during this interval of quiescence, and they are patiently maturing that policy.

Radio-Activity Opens a New World

By J. W. N. SULLIVAN*

THE discovery of radium was led up to by Röntgen's discovery of X-rays in 1895. He had discovered that when an electric discharge is passed through a vacuum tube rays come from the tube which are capable of passing through objects opaque to ordinary light, such as thin sheets of metal or the opaque paper in which photographic plates are wrapped. The nature of these rays was not at that time understood, but it was noticed that the tube that emitted them was in a state of fluorescence. This fact suggested to Henri Poincaré that it would be worth while to examine ordinary fluorescent and phosphorescent substances to see whether they emitted any rays of the kind.

Becquerel took up his work, as was very natural, for these substances were a sort of family affair, since he, his father and his grandfather had all specialized in them. Among the fluorescent and phosphorescent substances he examined were some of the compounds of uranium. In the course of these experiments it happened that some of this substance in contact with a covered photographic plate was put away in the dark for some weeks. When Becquerel came to take out this plate it occurred to him, for some reason, to develop it just as it was, without exposing it to light at all. When he came to do this he was astonished to find that there were distinct markings on the plate. These markings must have been produced by the uranium ore. This was the first indication that there are substances in nature which are radio-active.

This experiment Becquerel repeated with other ores containing uranium and found that in every case the effect produced was proportional to the amount of uranium present. Substances which did not contain uranium, whether they were fluorescent or not, produced no effect. The effect had evidently nothing to do with fluorescence or phosphorescence. But Becquerel went too far. He stated that the effect was produced by uranium alone. Subsequently, however, he tested pitchblende, a uranium ore from Northern Bohemia, and he found he obtained an effect much more powerful than the amount of uranium in the ore warranted. He concluded that pitchblende contains an element much more radio-active than uranium. This is the point at which the Curies appear on the scene.

Madame Curie, who died on July 4, 1934, was the daughter of a Polish Professor of Mathematics and Physics, and she had gone to Paris in 1891, at the age of 24, to study science at the Sorbonne. In 1894 she met Pierre Curie, a research worker in chemistry, and in 1895 she married him. It was in the following year that they took up the problem presented to them by Becquerel and determined to trace the new radio-active element contained in pitchblende. A ton of this stuff was

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sent to them by the Austrian Government, and they settled down to the enormously laborious task of filtering out of this mass the unknown element.

The completion of the task took years of work. "We lived in a preoccupation as complete as that of a dream," said Madame Curie years later. As a result of this prolonged effort three new radio-active elements were discovered. The first was named polonium; the second, and by far the most powerful, was named radium; the third, discovered by Debierne while working with the Curies, was called actinium.

Madame Curie's separation of pure radium compounds, although technically a straightforward process, is unique in chemistry for the smallness of the quantity separated. In pitchblende and other minerals there are only three parts of radium for every 10,000,000 of uranium. From a ton of the richest ore only a fraction of a gram of radium can be obtained. It is for this reason that it is by far the most expensive substance in the world. A milligram of radium today costs about £12 ($60). This is nearly 90,000 times as expensive as gold.

The devoted and arduous labors of the Curies brought to light the most interesting substance known to science. Its mere existence came as a great shock to the scientific preconceptions of the time, for it seemed to violate the law of the conservation of energy. Here is a substance which continually gives out light and heat without, so far as can be made out, absorbing energy from anywhere. Accurate measurements showed that a specimen of radium emitted more energy in two days than could be obtained from an equal quantity of substance by the most energetic combustion or explosion changes then known. And it went on pouring out energy at this rate without any apparent diminution whatever. Theoretically, as we now know, it should lose about 4 per cent of its activity in a century.

Unless the very foundations of science were to be upset some explanation must be found for this incessant activity. Various theories were put forward. It was suggested, for instance, that radium is somehow tapping sources of energy concealed in the ether.

It so happened, however, that science was in a peculiarly favorable condition for furnishing the correct explanation. J. J. Thomson had shown the existence of electrons, little electric particles nearly 2,000 times smaller than a hydrogen atom. Streams of them are produced by the electric discharge in a vacuum tube, and Thomson had measured their masses, velocities, &c., by seeing how much they were deviated from their straight-line path under the influence of known electric and magnetic forces.

Similar experiments were made on the rays from radio-active substances, and it became evident that these rays consist of electrons moving with very high velocities—velocities approaching the speed of light. Later experiments showed that besides these there are other rays very much more difficult to deviate and, finally, it was found that there are still other rays which cannot be deviated at all. Thus radium emits three kinds of rays. Scientific men distinguish them as alpha-rays, beta-rays, and gamma-rays.

The beta-rays are electrons. They are little particles of electricity, having rather less than 1-1800 part of the mass of the lightest atom—the hydrogen atom. All these particles consist of the same kind of electricity—what is called "negative" electricity.

And their velocities, as we have said, are very close to the velocity of light, namely, 186,000 miles a second.

The alpha-rays are also electrified particles, but they differ very greatly from the beta-rays. They are, to begin with, very much more massive. An alpha-particle weighs four times as much as a hydrogen atom. And its electric charge is of the opposite kind to that of the beta-particle; it is the so-called "positive" electricity. Also, the speed of the alpha-rays is very much less than that of light, varying from 9,000 to 14,000 miles per second.

The third set of rays, the gamma-rays, were found not to be electrified particles at all. Like X-rays, they are essentially similar to light-waves, although of very much shorter wave-length than the waves that constitute visible light. The waves that constitute X-rays are thousands of times shorter than those constituting visible light, and the gamma-rays from radium are shorter still. For this reason they are more penetrating even than X-rays. All such waves, whatever their length may be, move at the speed of 186,000 miles a second.

Nothing that we can do to radium, no extremes of pressure or temperature or anything else, can hinder or help in the slightest degree the production of these rays. Madame Curie stated, in spite of much apparent evidence to the contrary, that radio-activity is a fundamental and unalterable property of the atom itself, and all subsequent research has confirmed this conclusion. The atoms of radium, or of any other radio-active substance, are spontaneously disintegrating. The great importance of radium, to the scientific man, is to be found in the light it throws on the constitution of the atom. This is the central problem of modern physics.

There are ninety-two known elementary substances in nature. Everything else that exists is built up out of two or more of them. The atoms of these substances differ from one another. In particular, they have different weights. The lightest atom is the hydrogen atom, and the heaviest is the uranium atom. It had long been the dream of scientific men that all these diverse kinds of matter would prove to be composed of the same substance—perhaps hydrogen—that there was only one elementary kind of matter in the world.

This dream advanced a long way toward realization when J. J. Thomson discovered the electron. All atoms, it was conjectured, are built up out of electrons. But electrons, as we have said, are composed of negative electricity. Now atoms, in the normal state, do not manifest an electric charge. They are electrically neutral. It is evident, therefore, that the electrons in an atom must somehow be combined with positive electric charges sufficient to neutralize them.

Lord Rutherford was the first man to put forward the idea that is now generally accepted. On the basis of various experiments he came to the conclusion that an atom is built up something like a miniature solar system, with a nucleus in the middle and a number of electrons circulating round it. The simplest example is the atom of hydrogen, where the nucleus consists of a positive charge called a proton. Circulating round this is a single electron. These two bodies, the proton and the electron, together make up the hydrogen atom. We have seen that an electron is nearly 2,000 times lighter than a hydrogen atom. Therefore practically the whole weight of the atom must be borne by the proton.

The positive charge of a proton is of the same magnitude as the nega-

tive charge of an electron. But the proton is about 2,000 times heavier than an electron. In all atoms except hydrogen the nucleus is complex, being made up of both protons and electrons, with the number of protons preponderating. Helium, for instance, the next element to hydrogen, has four protons and two electrons in its nucleus. And circulating round this nucleus are two electrons. The heaviest atom, uranium, has in its nucleus 238 protons and 146 electrons. Circulating round this structure are 92 electrons. The radium atom, also, is extremely complex. In its nucleus are 226 protons and 138 electrons. Circulating round this are 88 electrons. These very complicated atoms seem to be unstable. They are spontaneously breaking up, and this breaking up is the cause of radio-activity.

In the phenomenon of radio-activity we have an actual transmutation of matter. A radio-active substance, by disintegrating, changes into another substance. The three sorts of rays we have described all come from the nucleus of the disintegrating atom. The properties of an atom depend on its nucleus. When the nucleus changes the properties of the atom change, that is, it becomes the atom of a different substance. It may be that this new atom itself disintegrates and so changes into the atom of yet another substance. If we start with uranium, for instance, we find that it passes through a whole series of changes until it finally settles down as lead. It has turned into one substance after another, all of them unstable, until it reaches stability as lead.

Not all these intermediate substances change at the same rate. The rate of change varies from a fraction of a second to thousands of years, that is, it would take that time for the same percentage of atoms to change in the two cases. Some of these changes are brought about by the substance shooting out alpha-rays only, sometimes by shooting out beta-rays only, and sometimes by shooting out both. Gamma-rays, from this point of view, are merely a sort of by-product.

We have seen that beta-rays are electrons and that alpha-rays are altogether different. It has been found that an alpha-particle is a combination of four protons and two electrons. It is, in fact, identical with the nucleus of a helium atom. This is a remarkably stable structure. This particular grouping, wherever it occurs, preserves its individuality. Even in the violent changes going on in a radium atom this particular combination is not disintegrated, but is shot out as one solid, compact little particle. Its speed, as we have said, can reach 14,000 miles a second. So heavy and swift a particle was previously unknown to science. It occurred to scientific men that here we have a magnificent bullet for bombarding other atoms. Could atoms be disintegrated artificially by bombarding them with alpha-particles?

The first successful experiments of this kind were performed on nitrogen. When nitrogen is bombarded by alpha-particles it sometimes happens that an alpha-particle scores a direct hit on the nucleus of a nitrogen atom. In this case a proton is expelled from the nitrogen nucleus. Thus nitrogen is changed into another element. We have here the first instance of the artificial transmutation of the elements—the old alchemist's dream. Since then it has been found that quite a number of elements can be disintegrated in this way.

The method, however, is not likely to interest the commercial man, for it is hardly economical. Thus for every 1,000,000 alpha-particles fired

into nitrogen only twenty nitrogen atoms are disintegrated. For aluminium the number is eight atoms per 1,000,000 alpha-particles, and for chlorine, argon and potassium the number is only one per 1,000,000. The scientific interest of these experiments is, however, very great.

Recently the art of bombarding atoms has greatly advanced. We are no longer wholly dependent for our bullets on the alpha-particles shot out by radium. We have learned to produce exceedingly swift particles quite artificially. We have seen that the hydrogen atom consists of one proton with one electron circulating around it. By passing an electric discharge through hydrogen gas we can strip the atoms of their circulating electrons. By using very high voltages we can then communicate enormous velocities to the remaining protons. Only recently apparatus capable of generating the enormous voltages required has been constructed.

The fast protons produced in this way have already given some very extraordinary results. When lithium, for instance, is bombarded in this way it is found that alpha-particles are shot out. A fast-moving proton enters a lithium nucleus and produces some sort of explosion there. This is evident from the fact that the expelled alpha-particle may have 100, or even 500, times the energy of the bombarding proton. Somehow the proton has been able to release the immense stores of energy contained in the atomic nucleus. This is not a practical way, however, of obtaining energy from the atom. About 1,000,000,000 protons have to be fired off before one hit is scored. Other elements besides lithium can be broken up in this way.

Very recently a particle has been found which is still more effective in some ways. This is the nucleus of what is called "heavy hydrogen." It has recently been found that there are hydrogen atoms having twice the weight of ordinary hydrogen. There is one atom of this heavy hydrogen for every 6,000 atoms of ordinary hydrogen. The nuclei of these heavy atoms can be used, instead of ordinary protons, as projectiles, and sometimes, as we have said, with results that are unobtainable with ordinary protons. But these heavy atoms have an interest apart from their use as projectiles.

Water, as we know, is a combination of hydrogen and oxygen. Heavy hydrogen also combines with oxygen to form water. The water so produced, called "heavy water," is different from ordinary water. It is about 10 per cent denser than ordinary water, and both its boiling points and its freezing points are higher. But perhaps the most interesting thing about it is its effect on life. Certain forms both of plant and animal life which flourish in ordinary water are killed when immersed in heavy water. The precise part it plays in life processes is now being investigated.

The study of atomic disintegration has revealed to us yet two more entities whose existence was previously unsuspected. These are the "neutron" and the "positron." When the element beryllium was bombarded by alpha-particles it was found to give out a new and very penetrating kind of radiation. Further examination showed that this radiation consisted of particles of about the same mass as a proton, but carrying no electric charge. This new kind of particle is called a neutron. It is believed to consist of a proton and an electron in very close combination. Each of these bodies masks the electric charge of the other, and hence the neutron be-

haves as if it were uncharged. This also accounts for its great penetrating power, for it can pass through atoms without being diverted by thin electrified attractions. It is probable that it plays quite a large part in the structure of atoms.

The other new discovery is of the positron. This has the same mass as an electron, but instead of carrying negative electricity it carries positive electricity. This particle has a very short life. Directly it appears it seems to unite with an electron and vanish in a flash of radiation.

We see that the atom is now realized to be a vastly more complicated thing than it was before the discovery of radio-activity. Instead of being just a little hard sphere it is now seen to be an extremely complicated structure. The more our knowledge of the atom increases the more far-reaching the importance of this knowledge is seen to be. It illuminates matters which, at first sight, have nothing to do with it. Thus when the existence of the stars called "white dwarfs" was first discovered astronomers were quite unable to explain them, for the white dwarfs are so dense that the hardest steel, in comparison, would seem like gossamer.

How could matter be so compressed? As long as the atom was thought of as a little solid body it was impossible. But we now know that an atom is chiefly empty space, and a vastly greater degree of compression is possible. If all the electrons and protons in a man's body were squeezed into contact with one another, then, although he would have lost nothing of his weight, the man would be reduced to a barely visible speck.

Such is the vision of matter which springs from those researches, not yet forty years old, on the electric discharge and radio-activity.

Current History in Cartoons



Possible slogan for the G. O. P.
—*News*, Lynchburg



The choice of issues
—*St. Paul Pioneer Press*



A mark to shoot at
—*Philadelphia Inquirer*



The right road
—*The New York Times*



The man on the flying trapeze
—*Rochester Times-Union*



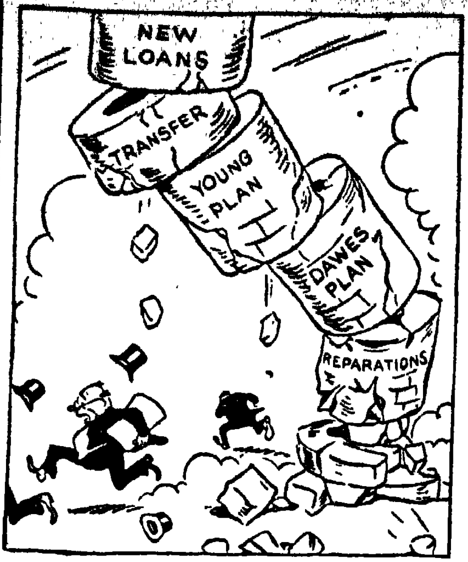
The unhelping hand
—*Washington .*



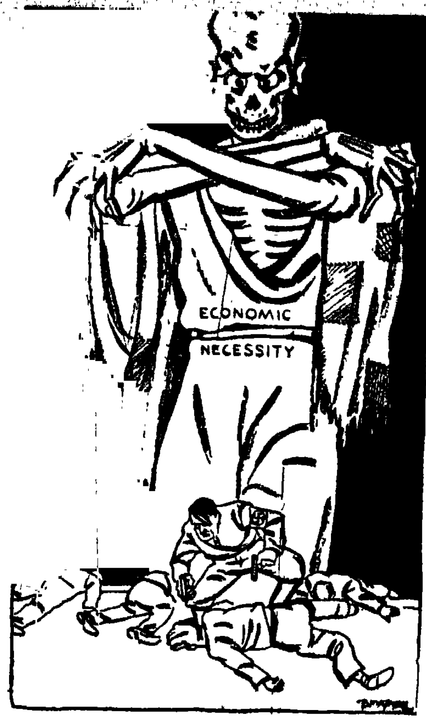
This year's crop
—*St. Louis Post-Dispatch*



A very strange case indeed
—*News and Observer*, Raleig



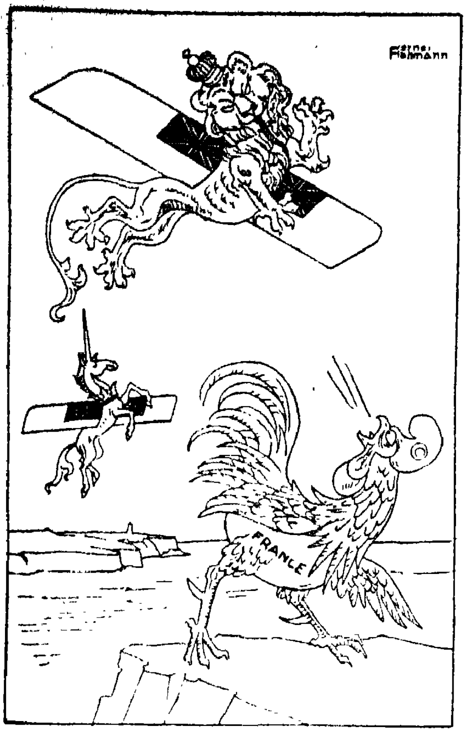
The Tower of Babel tumbles
—*Izvestia,* Moscow



Germany's real dictator
—*De Groene Amsterdammer*



Sharpening the sword
—*Noticias Graficas,* Buenos Aires



France (learning of Britain's plan for more airplanes):
"The cheek of that lion!"
—*Kladderadatsch*, Berlin



Winners take all
—*St. Louis Star-Times*



Pax: "They won't let me compete; they say my bird is dead"
—*Guerin Meschino*, Milan



The big bad wolf of German armaments—French version
—*Kladderadatsch*, Berlin

A Month's World History

Europe's Reign of Force

By Allan Nevins
Professor of American History, Columbia University

Once more Germany has held the centre of the stage in the month's international affairs, even if at times the news most eagerly read has been under Vienna date lines. This period of less than five weeks will stand out in European history as one full of fast-moving, dramatic, and at times almost terrifying events. On the last day of June the news came that Hitler and his associates had moved with lightning speed to crush an incipient revolt of Storm Troop leaders. For a fortnight thereafter civilized mankind groped for the real meaning of the German ferment.

The world had barely caught its breath when on July 25 came more startling intelligence—the assassination of Dollfuss, the Nazi putsch in Vienna, and civil war in Styria. Again for a week the world hung anxiously on the news. It was not little Austria that aroused grim uneasiness; it was the question of Germany's intentions toward Austria. Had Germany planned the putsch? Would German Nazis cross the border? Could Hitler be relied upon to act prudently in the crisis?

The storm-clouds had not fully broken away when Germany was once more in the headlines. President von Hindenburg died at Neudeck on Aug. 2 and Hitler immediately added the powers of the Presidency to those he already held as Chancellor of the Reich.

Two somewhat contradictory developments give these events their significance. Hitler has for the moment greatly increased his powers within Germany. He and his aides have destroyed the men they feared—von Schleicher, Roehm, Klausener and others; they have cut off any immediate danger of a "second revolution." By uniting the authority of the two principal offices of the State, Hitler has done something which not even Mussolini has contemplated. But at the same time as a Pan-German leader he has met a painful and humiliating check. Not merely did the Nazi effort to gain control of Hitler's native land prove completely abortive; it revealed the weakness of the Nazi party in Austria and made ridiculous the claims of Hitler's followers that four-fifths of the people there were at heart with them. The movement may revive, but for the moment it has suffered a heavy defeat.

Everywhere outside Germany the prestige of Hitler and the influence of the Nazis have diminished. The French openly proclaim their belief that the dictator's race is almost run; recent events have sharply accentuated the distrust and hostility of the world at large. The month began with universal condemnation of the terror-

istic methods used by Nazi leaders; it ended with Stanley Baldwin proclaiming in the House of Commons that the Rhine is now Great Britain's frontier. Hitler is more than ever the dictator of Germany, but his repute and influence beyond the German frontiers are at low ebb.

In the broad view, Europe during July continued to present the most disheartening of spectacles. Political gangsterism, cruel and arbitrary violence, seemed for a time to rule in Berlin and Munich. The same terrorism and lawlessness raised its head in Vienna. Hope for an agreement on disarmament has for the nonce been completely abandoned. Even Great Britain is buckling on new armor. The League has never seemed weaker; interest in international ideas has never been more lethargic. German aggressiveness and French apprehensiveness appear fuller of peril than ever.

Hitler's foreign policy is still enigmatic. His reliance is now upon the Reichswehr, which means the rich industrialists and landowners behind General von Blomberg. It is possible that this will for the moment produce a more moderate handling of affairs. But the Reichswehr is peculiarly the custodian of the old Junker spirit, and Europe recalls that von Blomberg once said, "Give me 6,000 airplanes and see what I can do." Whether in the long run under the new alignment Germany will be less ambitious and menacing remains to be seen.

When we turn from these general considerations to a detailed history of recent weeks, Austrian events demand first consideration. In their purely Austrian aspect they are treated elsewhere, but their international repercussions require notice here. The effect in other countries of the putsch of July 25 was electric. Newspapers published headlines hinting fear of widespread complications. Editorials reminded the world that it was just twenty years since the World War had been precipitated in the same Chancellery in which Dollfuss had been slain. France, Great Britain and Italy observed the situation narrowly and consulted together. Sir John Simon told the House of Commons on July 26 that Great Britain was still pledged to maintain Austrian independence, and Rome and Paris took the same position.

While Mussolini that same day mobilized four Italian divisions aggregating 48,000 men just south of the Austrian frontier, he inspired the Italian press to loose a chorus of denunciation and accusation against Germany. The opportunity to play the strong man of Europe was too good to be lost, and dispatches from Rome announced that if the Nazis began to gain the upper hand in Austria Mussolini would throw a heavy army into the country without further warning. Italian frontier forces were steadily increased. This swashbuckling attitude clearly displeased Great Britain and France. Their officials deprecated talk of intervention, and the British Parliament was told on July 30 that no interference in Austria was necessary.

Germany at first greeted the news from Vienna with hopeful enthusiasm. According to The Associated Press, an official statement was issued in Berlin on the evening of July 25 proclaiming the overthrow of Dollfuss in "a great popular movement * * * as important as it is welcome." This was natural if, as other evidence indicates, some German leaders were implicated in the plot. But when it became clear that the move had failed, this statement was withdrawn and Berlin assumed an attitude of extreme caution.

Hitler, who was at Baireuth attend-

ing the Wagner festival, at once took charge of the situation. On the night of July 25 he closed the Austrian frontier, ordered the arrest of Austrian Nazis fleeing into Germany, and recalled Dr. Kurt Rieth, German Minister to Austria, on the ground that his intervention to give the plotters safe passage into Germany had been unauthorized and improper. Next day Theodor Habicht, who for months has been broadcasting violent attacks upon Dollfuss from Munich, was dismissed from his post in Bavaria. The reason given was his careless editing of radio reports from Vienna. On July 26 Hitler also made public a letter protesting the innocence of Germany and saying that the attack on Dollfuss was most sharply condemned and deplored by the German authorities.

As a supreme gesture he asked Franz von Papen, the Vice Chancellor, to abandon his post in the Cabinet and go to Vienna as a special envoy "to bring back to normal and friendly paths our long unfortunate relations to the German Austrian State." The appointment of von Papen at first seemed an astute move. It was accepted by many Austrians as a graceful act and much satisfaction was expressed. Von Papen showed that he meant to deal generously with the new Austrian Government when he asked for a free hand in negotiation and demanded that the Austrian Legion in Bavaria be disbanded.

But it soon became evident that Hitler had blundered in not first obtaining Austria's official approval for his appointment. The new government in Vienna delayed its acceptance of the envoy. Evidence appeared that Mussolini was warning Austria that von Papen represented merely a clever effort to extend German influence to the southward and demanding that he **be given a cold shoulder. The result has been to accentuate German resentment of Italy's whole course. The German press, after a brief pause, replied to the criticism of Italian newspapers with a savage onslaught of its own, assailing Mussolini virulently.**

In one quarter Germany found unexpected support against Italy. On July 30 Yugoslavia suddenly served notice that she did not intend to see Austria made an appendage of the Italian State. Through her Minister in Berlin she issued a statement declaring that no power should be permitted to intervene alone in Austrian affairs, and that if new difficulties arose, "the League of Nations is the one and only body competent to make decisions regarding the Austrian question as an international problem." The statement contained a threatening phrase. Any nation which undertook unilateral intervention, it declared, would have to face "further consequences." Yugoslavia is a member of the Little Entente, which is supposedly aligned with France against Germany. But she recently gave General Goering, Prime Minister of Prussia, a cordial reception, and as Austria has slipped further within the Italian orbit she has strengthened her ties with Germany. On May 1, for example, she signed an important trade compact with the Reich.

All in all, the Austrian affair has served notice on Europe that the present situation presents a chronic menace of war. The peace treaties left Austria in a hopeless economic position. Her natural alliance was with Germany. For years a huge majority of her people heartily favored economic if not political union with the Reich. The opposition of France on purely selfish grounds prevented it from taking place and left the little nation the sorest spot in all Europe. Now it has

become a battleground for the agitation and propaganda of all its neighbors. Even with the support of the Catholic Church, of Mussolini, and of French financiers, Dollfuss maintained only a precarious dictatorship. It can be said for Mussolini that he did not wholly neglect Austria's economic plight; the recent Hungarian-Italian-Austrian trade agreements were intended to insure the nation a livelihood. But they were totally inadequate to that end.

The position of the new government in Austria is economically and politically as perilous as that of the old. Unless stability and prosperity are provided, trouble will crop out again in violent form. The next time Germany may feel more ready to meet it, and Hitler may not take so peaceable an attitude as he fortunately did in July. The putsch and the panic it momentarily caused are a warning to Europe.

THE EASTERN LOCARNO

In only one field have there been any recent important discussions looking toward the promotion of peace. The proposal for an Eastern European compact similar to the Locarno agreements of 1926 has made no great progress, but it may yet bear fruit.

M. Barthou, the French Foreign Minister, arrived in London on July 8 to lay before the British Government a treaty which he and Maxim Litvinov had formulated to guarantee the existing frontiers in Eastern Europe. They hoped that it would be signed by Russia, Germany, Poland, Czechoslovakia and the three new Baltic nations. Modeled after the Locarno pacts of happier days, by which Great Britain, Germany, France, Italy and Belgium bound themselves against any attempt to change by force the territorial settlements made in Western Europe by the peace treaties, new compacts would go equally fa the regions beyond the Rhine.

Great Britain was not asked to c mit herself to any new obligation the Continent, but was requeste endorse the treaty and to use he fluence to persuade the other nat to sign it. Sir John Simon duly un took this, and sent messages to British Embassies in Berlin, War and Prague urging acceptance of pact. He also explained it to the H of Commons, making clear that B ish responsibility was limited and moving the fears that it meant a Franco-British alliance. Following the British footsteps, Mussolini si fied his approval.

But two countries vital to the s cess of the treaty, Germany and land, have thus far held back. It announced in Berlin on July 20 t the Reich would not reply to Franco-Russian proposals until a gr deal more had been done to cla them. The Germans hope that if t delay action, the proponents of new treaty will fall out among th selves on its interpretation and no swer will be necessary. Naturally, G many sees in the pact simply an ef to chain her down to the frontiers tablished by the Versailles treaty. has no intention of permanently cepting these frontiers in the E and to enter the proposed comp would be to place herself in a f position.

As for Poland, a semi-official sta ment from Warsaw as early as July made it clear that she places grea faith in her treaties of alliance w France and Rumania and her non-gression pacts with Germany and w Russia. The Poles do not believe t a multitude of pacts—Western, Ea ern, Balkan, and so on—will add security. Warsaw fears that they n

create a false illusion to which sound working arrangements will be sacrificed. The Barthou-Litvinov movement is thus for the moment at a standstill. The danger is that if it fails the idea of a Franco-Russian military alliance directed against Germany may be revived.

As a matter of fact, every one in Europe realizes that the Locarno pacts themselves have been a great disappointment. Sir Austen Chamberlain hailed them at the time as "the real dividing line between the years of war and the years of peace." But they have totally failed to establish cordial relations between Germany and France, or to bring about a feeling that boundaries are really secure against attack. M. Barthou is said also to have in mind a "Mediterranean Locarno" which would embrace Italy, Yugoslavia, Greece and Turkey. Too many pacts may be quite as bad as none at all.

RIVALRY IN ARMAMENTS

Great Britain has now disclosed her full intentions in the matter of an increase in her air force. The statement of Lord Londonderry, the Air Minister, noted in the August issue of this magazine, gave no figures. But on July 19 Mr. Baldwin, as acting Prime Minister, announced that the government intended in the next five years to add to its strength forty-one new squadrons, containing 460 fighting planes. This will bring the Royal Air Force equipment up to 1,310 machines, and will give Great Britain, counting 130 additional planes possessed by the auxiliary forces, only about 200 fewer than the French total. The cost of the five-year program will be about $100,000,000. A Laborite resolution censuring the government program was debated in the Commons on July 30. It was in this discussion that Winston Churchill estimated the German air strength at two-thirds of Britain's, and Mr. Baldwin declared: "Since the days of the air the old frontiers are gone. When you think of the defense of England you no longer think of the chalk cliffs of Dover. You think of the Rhine. That is where today our frontier lies." The resolution of censure was defeated by 404 votes to 60.

Meanwhile, the naval conversations in London preparatory to the conference scheduled for 1935 were suspended on July 16 because of the unreadiness of Japan to participate. It was announced that they would be resumed in October, when the Japanese Government promised to have a delegate present. The change in government in Tokyo has been followed by a split in the Japanese Cabinet on naval policy, and Japan's intentions are somewhat ambiguous. (See page 764 of this magazine.)

DEBTS AND DEBTORS

Germany learned early in July that she could not settle all questions relating to her debts without consulting the rights of her creditors. Her announcement that she would not pay interest on the Dawes and Young Plan bonds had brought from Great Britain an instant threat of trade reprisals. Parliament had passed a bill empowering the government to act. The German Government tried to bluff the situation through, but its bluff was called. On July 4 it agreed to pay interest on the bonds for at least six months longer. In return the British creditors accepted the funding agreement on middle-term and long-term credits offered by Dr. Schacht on May 29.

The surrender to Great Britain naturally stimulated Secretary Hull to renewed efforts in behalf of American bondholders. Beginning last Fall, he

had addressed to the German Government three notes protesting against unfair treatment, and early in July a fourth memorandum was submitted through Ambassador Dodd. Mr. Hull demanded that American citizens be given the same treatment as British, and laid down the principle that Germany could not make the servicing of her obligations "contingent on special agreements involving trade concessions." On the same day the Foreign Bondholders Protective Association sent a strong protest to Dr. Schacht. But unlike Great Britain, the United States buys far less from Germany than it sells, and it is in a far less favorable position for securing consideration.

Nor is the United States in as favorable a position as France. On July 28 Dr. Schacht concluded a settlement with that country which covered both trade and debts. The Reich agreed, as with Great Britain, to pay interest to holders of the Dawes and Young Plan bonds for the current half year. In return Germany obtained a new trade treaty, based upon the treaty of 1927 which expired at the end of July. Under its terms, Germany is promised a surplus of foreign exchange from her trade with France after payment of the Dawes and Young loan coupons. How large the surplus will be no one can predict, for that depends upon the course of trade. But Germany at least secures an acknowledgment of the principle that, because of her position as a debtor country and her passive-payment balance with France, she is entitled to an active trade balance. It is probable that Dr. Schacht hopes to obtain trade concessions from the United States in return for a continued servicing of the Dawes and Young Plan loans here. Indeed, a partial promise of such concessions was made months ago by Washington.

Meanwhile, it is interesting to note that the United States is still trying to obtain some adjustment of the debts owed to our government and our citizens by the Russian Government. On July 21 it was announced that negotiations would be taken out of the hands of Ambassador Bullitt and Mr. Litvinov, and transferred to Washington, where Secretary Hull and Ambassador Troyanovsky are handling them.

Canadian Business Rule Under Fire

By J. BARTLET BREBNER
Assistant Professor of History, Columbia University

A POLITICAL sensation was produced in Canada by the publication on Aug. 4 of a statement by Harry Stevens, Minister of Trade and Commerce, which denounced Canadian business practices. In the pamphlet, which Premier Bennett later confiscated, Mr. Stevens charged that "unscrupulous financiers and business men had exploited Canada's consuming public, starved her producers, sweated her workmen, 'gouged' her pulp and paper and other industries and had left the country faced with a choice of reform, dictatorship or revolution."

"There are those," said Mr. Stevens in his pamphlet, "who hold the view it would be better to keep this thing in the dark. I would not remain in that

position any longer." Among other evils, the Minister pointed out that employes in the needle trades are receiving from $4 to $9 a week. "In the needle, boot and shoe and furniture trades," he said, "men and women are living on a basis that is a disgrace to Canada."

"I will never rest," declared Mr. Stevens, "until something is done. I do not care what happens. No economic or political system can survive that will tolerate things like that except in one of two ways. Either you must have a dictator to impose these conditions with an iron hand, or you are going to have an uprising that will destroy the system. There is the third alternative—reform. The Conservative party must base its policies on the well-being of the farmer first and of the large body of industrial workers in the second place. The real health of the nation depends upon the success of those two groups."

Mr. Stevens, as the result of an attack on Canadian business delivered in Toronto last January, had been made chairman of a committee to investigate Canadian business practices. This committee, after a series of revelations which aroused public indignation, was sworn in on July 10 as a royal commission with instructions to report to Parliament next session. It was not expected to take much more evidence, but its retention seemed another proof of the government's intention to set up remedial controls, probably boards of trade commissioners.

In Ottawa it was believed that the publication of Mr. Stevens's pamphlet was likely to lead to his resignation from the Cabinet. His frank criticism of friends and business associates of Premier Bennett, as well as of other business men, obviously opened a wide gulf between him and the head of the government and at the same time brought the Cabinet threats of libel suits.

CANADA'S ECONOMIC OUTLOOK

Wheat, because of the renewed drought, held the centre of the Canadian stage during July. Prices and prospects for export have engaged wide public interest and complicated Federal and Provincial politics. The Canadian West, led by its principal spokesman, the editor of the *Winnipeg Free Press,* has been battering the Federal citadel because the Dominion Prime Minister reaffirmed his allegiance to the world wheat agreement whereby he calculates that Canada is entitled to export 263,000,000 bushels during 1934-35. The West argued that since Argentina had broken the agreement, there was no reason why Canada and the United States should observe its restrictions. Canada, it was maintained, should export 300,000,000 bushels of wheat to a drought-ridden world, reduce her carry-over and recoup her losses.

But the picture was far from simple. The Canadian carry-over has been reduced by perhaps 12,000,000 bushels as compared with 1933, while the drought has driven the crop estimates close to the figure of the abnormally low crop in 1933. During July, in response to a world shortage, the price for near futures rose about 10 cents to 87 cents a bushel. Nevertheless, during forty-nine weeks of the crop-season ending on July 31, Canada exported only 145,000,000 bushels instead of her quota of 200,000,000 bushels. At the end of July, Canadian wheat, when roughly equalized as to quality and handling charges, cost in Liverpool about 12 cents more per bushel than Argentine wheat. Apparently prices in Winnipeg, which are affected by the artificially maintained levels in Chicago,

must fall before exports can greatly expand.

This view must be qualified by the confident prophecies of still higher prices, the effects of poor crop prospects in Australia—the third potential exporter for 1934-35—and the almost universal necessity for mixing Canadian hard wheats with poorer varieties in the making of good flour. There were frequent hints at Washington during July that the United States would have to import Canadian wheat. One curious suggestion was made that Canada might barter hard wheat for soft.

Premier Bennett replied to Western demands for increased sales in the Orient by stating that they would involve three years' credit and cuts in price of 10 to 20 cents a bushel. Since the Federal Government has been carrying about 185,000,000 bushels acquired at 74 cents a bushel, it was not anxious to relinquish its chance to unload gradually at a profit. J. I. MacFarland, the Federal wheat operator, recently revealed the encouraging fact that the three Western provincial wheat pools, after their disastrous collapse in 1929, have almost won their way to solvency again by plowing back their elevator earnings.

Despite two or three modest adventures in currency expansion, Canada, probably under British influence, has been financing her way through the depression in a conservative fashion. Her greatest burdens, unemployment relief and high interest charges on indebtedness, have not yet been lifted by the improvement in business and in governmental revenue. The total Federal deficits for the last four fiscal years have amounted to approximately $500,000,000. The government hopes to lighten the interest burden by loan operations now under way—the refunding of $60,000,000 at 4 per cent, due in New York on Oct. 1, and a new domestic loan of about $400,000,000 at 3½ per cent to pay off last year's deficit and a maturing domestic issue of $220,000,000. The Finance Minister announced on July 31 that he had arranged to meet the New York maturity by paying off $10,000,000 and borrowing $50,000,000 there for one year at 2 per cent. The domestic situation was somewhat complicated by uncertainty in Canadian financial circles pending the establishment of the Bank of Canada at the end of the year.

Meanwhile, the underlying economic situation has remained relatively stable. Though the rate of recovery, even when viewed seasonally, has slowed down since the end of April, there has been no serious retrocession. The general economic index of 96.2 for the week ended July 14 was the highest of the year. The chief discouraging factor, apart from the prospect of bad crops, was the failure of the capital goods industry to show any great expansion except as stimulated by public works. Construction, particularly, has always been an excellent indicator of Canadian prosperity. Foreign trade has kept up well. June exports were 26.3 per cent, and imports 37.4 per cent, above the high figures of June, 1933. For the period March to June inclusive exports to the United Kingdom increased 50.3 per cent and imports from it 31.9 per cent, whereas trade with the United States showed a 24.1 per cent increase in exports and 62.9 per cent in imports.

After five years of preparation and two years of Parliamentary debate, the House of Commons in June rushed through the new shipping act. The act consolidates Canadian shipping law and incorporates the Geneva agreements and the 1929 London rec-

ommendations for uniform British imperial marine law. One clause confines the carriage of products by water or land, either directly or by way of a foreign port, between Canadian points, to British (including Canadian) ships. As a result the transportation of Canadian products by American ships on the Great Lakes will be almost eliminated, particularly in view of the completion of the deep Welland Canal and of British import restrictions on Canadian grain moved through the United States. Buffalo, Oswego and New York will lose to Montreal and other Canadian ports the profits of storage and transshipment. Canada runs the risk of high shipping rates on the lakes, for the Canadian fleet is at present not large enough to move the average Western grain crop.

One alternative may be the increased used of the Hudson Bay Railway to Churchill. The insurance rate has been reduced from 3½ to 3 per cent; the Federal Government is amplifying its aids to navigation on the way to the Bay, and the London underwriters have agreed to a season from Aug. 10 to Oct. 7, with a short extension later at 25 per cent premium. The Saskatchewan wheat pool has ordered the movement of 4,000,000 bushels through Churchill this year.

The rivalry between the National Railways and the C. P. R. continues. Both systems have been enjoying increased revenues despite the lag in grain movements. A curious revelation of the difficulties involved was the introduction on June 20 by the Minister of Railways of a joint request of the two systems to Parliament for immediate legislation merging their express and telegraph systems. In five days it had to be withdrawn because of nation-wide protests from employes who feared loss of their jobs.

NEWFOUNDLAND'S FINANCES

The Commissioner for Finance in Newfoundland announced at the end of June that the fiscal position of the former Dominion was being cleared up. Deficits for 1933-34 and 1934-35 are to be met from the British Colonial Development Fund, but most of this money is to be devoted to productive enterprises such as the building of schooners and boats for the fishery, harbor improvements, road building, surveys and assistance to agriculture.

Sir Eric Geddes, chairman of Imperial Airways, disclosed on July 20 some further results of the negotiations for the use of Newfoundland for the purposes of aviation which have been going on for three years among British, American and Canadian interests and governments. No foreign service other than Imperial Airways will be allowed to have landing grounds or hangars on the island, but transatlantic services involving the three countries are expected to be conducted cooperatively.

CORRECTION

Owing to incorrect news dispatches, it was stated in these pages last month that the Cooperative Commonwealth Federation had not secured a seat in the Saskatchewan elections. It now appears that candidates who support that party won 5 out of the 54 seats, the Liberals having won the remainder. The Liberals received 48.5 per cent of the popular vote, the Conservatives 26.5 per cent and the C. C. F. 24.5 per cent.

Mexico's Move Against Profiteers

By CHARLES W. HACKETT
Professor of Latin-American History, University of Texas

MEXICAN social legislation, which has been extended by leaps and bounds in recent years, was carried still further by a decree of July 23 which empowers the Department of National Economy to fix prices on a large number of commodities. The justification for this step, according to the preamble to the decree, is the duty of the State to prevent the establishment of special privilege to the prejudice of public welfare, that is, to prevent profiteering. In addition, it stressed the need of maintaining a balance in developing the nation's resources.

Petroleum and all its derivatives were declared by the decree to be articles of public utility, with maximum retail and wholesale prices to be fixed by the National Economy Department.

The second section of the decree listed a number of products as "necessary to consumption." These included maize, beans, rice, potatoes, salt, coal, fresh vegetables, flour, coffee, medicines and cotton goods. Whenever a serious shortage occurs in any of these products, the Department of National Economy is to enforce the sale of retailers' stocks at prices not exceeding the average for the previous six months. While this measures provides for price-fixing only under conditions of emergency, it would scarcely be surprising, in view of the trend in Mexico, if it were extended to prices in normal conditions.

Radical social legislation has been common in certain Mexican States, notably Vera Cruz and Tabasco, during the past few years. In Tabasco, for example, where radical legislation has been most pronounced, no Catholic priests have been allowed for the last ten years, and churches have been turned into schools, labor temples and other social institutions. What is probably unique even in the social legislation in Mexico was recently adopted by the same State. Under this law women are forbidden to use high-heel shoes, corsets or rouge. Violations are punishable by fine and by confiscation of the prohibited articles.

A general strike throughout Mexico was narrowly averted early in June. Workers of the Aguila Oil Company in the Minatitlán region voted to strike because of the company's refusal to grant increased wages on a collective-bargaining contract, and more than a hundred unions, including those of the electrical workers and the railway men, voted sympathy strikes. This would have meant a general strike had these men gone out. On June 5, four days before the general strike was scheduled to begin, employers and workers of the oil company agreed upon President Abelardo Rodríguez as arbitrator in the dispute, and on June 7 he ordered the striking workers of the Aguila Oil Company to return to their jobs within forty-eight hours. As a result of the decision rendered by the President a few days later, the Aguila company faces an increased annual expenditure of $1,250,000 apart from wages for the strike period, which it was ordered to pay.

So favorable was the decision to the workers that other foreign petroleum interests operating in Mexico became concerned lest their employes also strike for wage increases.

Mexico's exports in May were the highest for a single month since March, 1929, according to an official announcement, and amounted to about $17,000,000, as against $6,700,000 a year ago.

CABINET TROUBLES IN CUBA

Cabinet troubles continued to harass President Mendieta of Cuba during July. On July 2 three portfolios that had been left vacant in June by the withdrawal of ABC members were filled. Dr. Mario Montero, president of the Audiencia Court of Havana, was named Secretary of Justice; Pelayo Cuervo, Assistant Secretary of the Interior, was advanced to head of his department, and Dr. Medardo Vities, a professor at Matanzas Provincial Institute, was named Secretary of Education. The portfolios of Labor and Commerce were left vacant.

This reorganization of the Cabinet, which excluded representatives of all political factions except the Nationalists and Menocalists, produced much dissatisfaction and led Dr. Miguel Mariano Gómez, Mayor of Havana and leader of the powerful Liberal Republican party, to submit his resignation and to announce the withdrawal of his support from the government. The Cabinet, however, refused to accept Dr. Gómez's resignation and requested President Mendieta to make every effort to retain him.

In an effort to solve the crisis, representatives of the Liberal Republican party, headed by Mayor Gómez, presented a list of demands to President Mendieta on July 19 that were supported by the followers of former President Menocal. The most important demands were as follows: All factions, including followers of Dr. Grau San Martín, should be invited to participate in a Cabinet of capable men acceptable to the public; existing laws, especially those affecting public order, should be enforced or immediately repealed; a definite government policy should be announced and all political groups then outside the government should be asked to cooperate in drawing up a program to be followed by the Provisional Government; and no economic law should be promulgated without first consulting business and industry.

Two days after the demands had been presented they were accepted by the President and his Cabinet. It was reported unofficially that the Liberal Republicans would receive an additional Cabinet position, but that the new Secretary would be without portfolio. The government's next task will be to carry out the demands and enter into what will undoubtedly be prolonged negotiations with the conflicting political groups to decide upon a program satisfactory to all.

A twenty-four hour general strike was called by the National Confederation of Labor for midnight on July 10 in protest against the alleged abuse of workers and the continued detention of political prisoners. As a general strike it was regarded as a complete failure, but disorders attended it, including the killing of a street car conductor and the burning of five street cars. Except for the *Diario de la Marina,* which employs non-union labor, no newspapers were published in Havana on July 11 owing to the strike of linotypists and pressmen. Tobacco workers and employes of small factories walked out, but taxicab drivers and street car workers remained on their jobs.

There was the usual amount of violence in various parts of the island during the month, though bombing ceased. The trigger-fingers of the police and troops continue to be nervous, and several student and worker demonstrators were killed and a large number wounded. On July 7 and 8 the army arrested fifty-eight former officers for alleged conspiracy, but later most of them were released because of insufficient evidence.

MACHADO IN SANTO DOMINGO

The flight of former President Gerardo Machado of Cuba from the United States to the Dominican Republic under an assumed name in order to escape arrest and extradition was made known at Miami, Fla., on July 16 by Captain A. M. Scott of the auxiliary schooner Boreas. Señor Machado boarded the schooner at Lewes, Del., on May 16, and ten days later reached Monte Cristi, a small port on the northern coast of the Dominican Republic. A Dominican Coast Guard boat then took him and his two companions to Manzanillo Bay. Following the publication of Captain Scott's story, Dr. Pablof Lavin, prosecuting attorney of the Court of Sanctions in Havana, said that in the absence of official information that Señor Machado was in the Dominican Republic no steps had been taken to demand his extradition. He added that while an extradition treaty was signed by Cuba and the Dominican Republic in 1905, "it is highly improbable that President Trujillo would deliver Machado to Cuba."

Brazil Restores Democracy

By HENRY GRATTAN DOYLE
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BRAZIL'S return to constitutional government, the suppression of the revolt in Southern Chile, President Roosevelt's visit to Colombia and renewed efforts to bring peace to the Chaco Boreal, where continued bitter fighting took place, were the outstanding events in South America during July.

The new Brazilian Constitution was officially promulgated on July 16, after final enactment by the Constituent Assembly. On the following day, Dr. Getulio Vargas, the Provisional President, was elected Constitutional President by the Assembly, receiving 175 votes of the 248 cast, 59 going to Antonio Borges de Medeiros, 4 to General Goes Monteiro, and the rest scattering. There was little opposition to Dr. Vargas's election, except from the Sao Paulo delegates, who voted for Borges de Medeiros. General Monteiro, Minister of War under the Provisional Government, had declined to become a candidate and supported Dr. Vargas. On July 20 Dr. Vargas was duly inaugurated as first President of the Second Republic of Brazil, and the Constituent Assembly automatically became the first Chamber of Deputies under the new Constitution, pending election of the new Chamber. Until the new Senate is elected, the Chamber will also exercise the functions of the Senate.

President Vargas on July 24 announced his completed Cabinet, with

Vicente Rao as Minister of the Interior and Cacedo Soares as Minister of Foreign Affairs. Arthur Costa, the new Minister of Finance, was formerly president of the Banco do Brazil.

Among more than sixty decrees signed by President Vargas during the final hours of the Provisional Government were those ending news censorship, permitting free entry of news print for the exclusive use of newspapers, and authorizing $6,000,000 annually for eight years to increase the Brazilian Navy. Dr. Vargas had been Provisional President since the revolution of October, 1930.

Brazil is the last of the countries of South America which passed through an upheaval in the revolutionary cycle of 1930 and the following two years to resume constitutional government. In 1932 Brazil had a civil war of serious proportions, when the State military forces of Sao Paulo held out against the Federal Government for several months. This revolt, caused by Southern opposition to the Provisional Government, definitely tested Vargas's control, and its suppression as definitely proved his ability to maintain himself in power.

Curiously enough, the severest pressure for a return to constitutionalism came from the Southern States, which were the strongest supporters of the revolutionary coup of 1930, and Borges de Medeiros, the only substantial opponent in the recent election by the Assembly, was Governor of the State of Rio Grande do Sul for about twenty-five years and for years the political mentor of Dr. Vargas, who was also formerly Governor of the State.

The new Constitution, enacted by the Constituent Assembly after deliberations which began on Oct. 15, 1933, replaces Brazil's original Constitution, which was adopted on Feb. 24, 1891. Some of its features are the following:

Universal suffrage is established for the first time in Brazil, all Brazilians over 18 years of age, men and women, being eligible to vote. Women as well as men are eligible for election to any office, including the Presidency. The President is to be elected by direct suffrage for a four-year term, and is ineligible to succeed himself, an exception being made in the case of Dr. Vargas. A Senate is created, composed of two Senators from each State and two from the federal district. The Senate is charged with the duty of watching over the Constitution and coordinating the government. The function of arbitrating in disputes involving the States, formerly exercised by the President, is assigned to the Senate. The new Chamber of Deputies will have 300 members, of whom 250 will be elected by popular vote and 50 will be representatives of trade and professional bodies. The judiciary is virtually unchanged.

A maximum working day of eight hours and a working week of six days are provided. Discrimination in wages on the basis of age, sex or marital status is forbidden. Immigration is restricted to an annual quota of 2 per cent of immigrants coming from the respective countries in the last fifty years. Directorates of companies operating national, State or municipal public services must have a majority of Brazilian citizens in their membership, and foreign insurance companies must operate Brazilian companies in order to remain. The government may take over any industrial enterprise in the public interest. Church weddings are given the status of civil marriages, and divorce is forbidden. A new agency of relief is established, known as the "Public Min-

istry," to watch over the poor. The taxation powers of the Federal and State Governments are defined.

A "brain trust" is provided for in the following terms: "Each Minister shall be assisted by one or more technical councilors, coordinated by the nature of their functions into general councils, consulting bodies for the use of the National Assembly or the Federal Council. It is forbidden to any Minister to take any step contradictory to the unanimous opinion of his respective council on any matter that may have been submitted to it." Another provision regarded as an adaptation of the New Deal reads: "The economic order must be organized in accordance with the principles of justice and the requirements of national life, safeguarding for all a dignified life."

Many problems face the government. An immediate political campaign, for the election of the new Senate and Chamber, is one, registration of voters having begun on July 25. A serious drought in Northern Brazil presents a relief problem for the Ministries of Agriculture and Public Works. Resumption of debt service on foreign debts must be speeded up if possible. The exchange problem is acute. The government is attempting to relieve this situation by purchasing old and worked gold as well as that newly mined at the international price in London, and encouraging gold-mining operations by special concessions. The world position of coffee, Brazil's major product, must be watched. It will undoubtedly be one of the first subjects discussed in connection with reciprocal tariff agreements between the United States and Latin-American countries, since Brazil supplies about two-thirds of the coffee consumed in the United States.

CHILE BECOMES TRANQUIL

Chilean authorities announced on July 10 that the agrarian revolt in Southern Chile had been put down and order re-established throughout the country. Some members of the group that revolted escaped across the Andes into Argentina, reaching Loncopue, in Neuquen territory, after a sixty-mile journey across the Andes, where they were arrested by Argentine police. Some of the refugees were reported to have declared that they were forced to join the revolt under threats of death if they refused. The police raided Communist groups, who were accused of plotting country-wide risings synchronized with the southern revolt and combined with railroad and general strikes intended to tie up the country. The result was the arrest of several hundred alleged Reds, including Señorita Marta Vergara, the Chilean member of the Inter-American Commission of Women, who refused to attend the meeting of the commission in Montevideo during the recent Pan-American conference, on the ground that the commission was "dominated by capitalistic governments." Conservative and moderate political groups were reported as united in support of the government, which also has the support of the Republican Militia, under the leadership of Dr. Julio Schwarzenburg, child specialist, who succeeded Eulogio Sánchez, an engineer, as "general" of the militia in December, 1933.

ARGENTINE CIVIL RIGHTS

Argentina on July 9 terminated the "state of siege" throughout the country by Presidential proclamation, Congress having refused President Justo's request to extend the suspension of constitutional guarantees beyond July 15. The "state of siege,"

the second proclaimed since President Justo took office, began at the end of December. On July 23 the province of San Juan, in which a federal interventor has been in control, took the first step back to self-government by conducting provincial elections. Among the successful candidates for the Provincial Legislature was Dr. Emar Acosta, a young woman lawyer and feminist leader. San Juan Province is the only province in Argentina in which woman suffrage prevails.

THE CHACO

The governing board of the Pan American Union, under the chairmanship of Secretary Hull, on July 30 adopted a resolution calling on all neutral American governments to indicate their attitude on unified action to bring the Chaco conflict to a close through arbitration. This action by the union, unprecedented in view of its previous restriction of its activities to cultural and commercial matters, followed an appeal made for such action by President-elect López of Colombia on his recent visit to Washington, and received the hearty approval of the Ministers of the two countries, both of whom are members of the governing board. President Salamanca of Bolivia had suggested some weeks ago that an "American Congress" of States be called to settle the dispute. On July 24 it was reported that the Argentine Minister to Bolivia, Juan Valenzuela, had brought to La Paz a proposal by Argentina for settlement of the controversy.

Previous proffers of good offices by Peru and Colombia had been followed by increased activity on the part of the ABCP group of nations. An obstacle to such activities was Paraguay's objection to Chile as a mediator, based upon claims that Chile had allowed retired officers to join the Bolivian Army as instructors and on the importation of Chilean workers to help operate Bolivian tin mines, which are short-handed because of the mobilization of workmen for service in the Chaco. Paraguay was also reported to be displeased at Chile's earlier refusal to prevent the transit of munitions and other war materials to Bolivia through the ports of Arica and Antofagasta.

On July 3 Dr. Miguel Cruchaga Tocornal, the Chilean Foreign Minister, issued a circular to diplomatic representatives abroad, in which he explained Chile's position of neutrality. This, he said, is based on The Hague Convention of 1907 and the Declaration of London of 1909, which justifies neutrals in continuing normal traffic with belligerents, provided that equality of treatment is preserved toward both belligerents. He also insisted that Chileans employed in the Bolivian tin mines would have no part in the war. On July 13, however, it was reported that the Chilean Congress had passed a law carrying penalties for Chileans taking part in foreign wars, and it was also officially announced that the government had ordered provincial authorities to prevent contracting of Chilean labor for Bolivian mines and industries.

The outstanding development in the field of military operations was the report on July 28 that a new Bolivian army under the command of General Lanza and consisting of an army corps, was operating in the Upper Paraguay River region, and that it had attacked Paraguayan outposts north of Fort Galpón, near Bahia Negra, on July 25. This is an entirely new point of attack, threatening Paraguayan strongholds from the north, 300 miles away from the centre of operations at Ballivián, and Paraguay's long line of communications.

As June ended, the fighting in the Chaco extended along a line about sixty miles long, from Avanti on the Pilcomayo River northward about thirty-seven miles and then northwestward for about twenty-five miles, with Cañada Strongest, at the bend in the line. Directly north of Fort Ballivián, the Bolivian citadel, at a point where the line bends southward, is Cañada El Carmen, where heavy fighting occurred during most of June. On the northern sector Paraguay was reported to have 15,000 troops under Colonel Rafael Franco, exerting a steady pressure in an effort to turn the Bolivian left.

By mid-July this northern movement was reported to have reached Fort D'Orbigny, seventy miles northwest of Fort Ballivián and fifty miles northwest of Fort Guachalla, on the Pilcomayo River, thereby almost completely encircling the Bolivians and hemming them in with their backs to the Pilcomayo River. Bolivian communications with Villa Montes were, however, still intact, and the Paraguayans were in a dangerous strategic position, with their lines extended and thinned and their communications subject to obvious hazards.

The American arms embargo against Bolivia and Paraguay, approved by President Roosevelt on May 28, was defended by Secretary of State Hull in a note to Enrique Finot, the Bolivian Minister, on June 13, following the latter's protest of June 1 that the embargo violated the commercial treaty of May 13, 1858, between the two countries. The Secretary pointed out that the embargo deals with the sale of arms to the belligerents in the United States, whereas the treaty deals with importation and exportation. The Bolivian claim that the embargo operates to the disadvantage of Bolivia alone, because of Paraguay's access to the River Paraguay, an international waterway, was answered by the Secretary with the statement that inasmuch as the embargo applies equally to purchases of arms or munitions by either country in the United States, access to the river does not permit Paraguay to obtain such arms, since she cannot purchase them in the first instance.

The Secretary also reminded the Minister that the United States had tried to contribute to a peaceful settlement of the controversy for many years, maintaining absolute impartiality in regard to the two parties. In conclusion the Secretary declared that it would be inconsistent with the good-neighbor policy to continue to permit the sale of arms and munitions manufactured in the United States.

A ruling by Secretary Hull issued on June 16 cleared up the question of pending shipments—sales completed and paid for in whole or in part before May 28 being excepted from the President's proclamation. The ruling followed the disclosure that $600,000 worth of such munitions were awaiting shipment to Bolivia, and the Department of Justice began an investigation to determine whether they came under the provisions of the President's proclamation. On July 27 Secretary Hull permitted the export to Bolivia, in accordance with the ruling of June 16, of airplanes, revolvers, ammunition and other munitions to the amount of $619,071. Other orders, amounting to $2,065,421, were not excepted. In a note on July 30 Paraguay protested the exceptions.

Britain Debates Ways of Recovery

By JOHN RAWDON

GREAT BRITAIN's industrial improvement has suffered a slight setback. The *Economist* index of business activity at the end of June reflected this reverse. Though there can be no doubt of the reality of British recovery, of which the graphs of business indices provide clear evidence, the important question is, Will recovery continue until normal unemployment levels are reached, and if so, what form will it take? The answer depends both on political and economic factors in the rest of the world and on the policy of the British Government.

The improvement so far has come chiefly in the domestic constructive industries and, as a consequence of increased purchasing power, in those catering to domestic consumption. Exports, it is true, have also increased remarkably considering the trade barriers which other countries have raised; and imports have been able to overstep the British tariff to an increasing extent. During the year ended in March 266,000 houses were built, largely by private enterprise, and with further government encouragement this construction is likely to continue to insure additional expansion of home industry. Other types of domestic construction are undoubtedly capable of providing employment and hence prosperity, but there is no doubt that at present the industrial organization of Great Britain depends to a large extent on international trade.

Some members of the government, and in particular Major Elliot, Minister of Agriculture, think that this dependence can be quickly changed in the direction of self-sufficiency, but it remains to be seen whether their policies can be put into operation without disrupting the foreign trade which in the meanwhile remains essential. The Opposition contends that this cannot be done.

The most important recent examples of government policy are to be found in shipping and agriculture; both indicate that a compromise between the opposing views is being sought. The shipping industry, particularly tramp shipping, has long been in difficulties. Even today British ships carry 90 per cent of empire trade, 60 per cent of the trade between empire and foreign countries, and 25 per cent of exclusively foreign trade. But the total volume of trade has shrunk, and since the war the tonnage of shipping available has increased. As a consequence the industry has been crying for government aid. On July 3 in the House of Commons Walter Runciman, president of the Board of Trade, agreed that the ship owners should have it, though not in the form of the flat-rate subsidy which they desired, which would merely have been a challenge to other countries, and which would have been extremely difficult to bring to an end.

Mr. Runciman promised a grant up to a total of £2,000,000, on condition that the industry formulated a scheme that would prevent the subsidy being dissipated in domestic competition and insure the employment of British tramp shipping at the expense of sub-

sidized foreign ships. He said that he approved of government loans for companies which would build new ships and scrap old. Because of the time it will take for the ship owners to formulate their scheme the necessary bill will not be introduced until Autumn.

The idea underlying this proposal is the use of the economic power of the country to end the subsidies which threaten world commerce. Such a plan, it is believed, could be employed to persuade other countries to come to an agreement. Unless it results in the abolition or mitigation of the absurd principle of paying for the privilege of carrying goods from one country to another it can hardly be regarded as a success.

Major Elliot, speaking in the House of Commons on July 16, compared the relative value to Great Britain of her investments abroad, which result in an annual income of £150,000,000, with that of the agricultural industry, which provides £220,000,000. The two interests, it was to be inferred, are contradictory, and since income from overseas investments involves large imports it should be sacrificed as of lesser importance. The specific subject of debate was meat imports, which Mr. Elliot wishes to reduce, by agreement if possible, but if not, then by quota limitation. Hitherto the adoption of drastic quotas on Dominion produce has been prevented by the Ottawa agreements, while the Anglo-Argentine agreement of 1933 fixed the minimum amounts of Argentine beef to be imported. In order to help livestock farmers, while agreements with the exporting countries are worked out, and to permit the government's permanent policy to be settled, a subsidy amounting to a maximum of 3,000,000 is to be given for stock raised for slaughter. Meanwhile, the subsidy to beet sugar, whose production in England is admittedly uneconomic, is to continue and to be reinforced by a manufacturing monopoly.

The surplus of imports over exports has increased, and the current balance of British trade appears to be unfavorable, though in the absence of figures for invisible items the actual position is difficult to determine. In these circumstances, and because the restrictions on the capital market have made money cheap and assisted the conversion of government debt, the embargo on foreign loans has been relaxed. This is designed to permit borrowers to finance purchases in Great Britain and so stimulate exports, as well as to help countries in the sterling bloc to maintain their exchanges. The increase in lending is not expected to be large, since the credit of the borrower is naturally a matter of consideration, while doubt concerning the government's commercial policy may cause potential lenders to be cautious with their money.

These examples of government policy do not answer the question asked at the beginning of this section; they merely emphasize the difficulty of answering it at present. They do indicate, however, that the government is aware of the two aspects of recovery.

ENGLAND'S PAUPER ARMY

The recent publication by the Ministry of Health of the statement showing the number of persons on poor relief during the quarter ended March, 1934, has aroused some misgivings and has shown that the effects of the depression on the poor outlast the reduction of ordinary unemployment. The number of recipients of poor relief totaled 1,409,089 in March, an increase of 40,117 over the December

total. A considerable proportion of those who received such assistance are not on the registers of employment exchanges and hence do not appear in the monthly statements of the number of unemployed. Nevertheless, the change in their numbers does not upset the indication of recovery presented by the improved unemployment figures.

AUSTRALIAN POLITICS

A general election will take place in Australia on Sept. 15, with Prime Minister Joseph Lyons in a strong position. Business has improved rapidly, exports and imports have increased; unemployment has decreased from 30 per cent to about 21 per cent during the past two years, and factory employment has considerably improved. The stronger position of government credit is shown by the rise of its 1938 bonds from £79 in September, 1931, to £105. Meanwhile, interest rates are, for Australia, remarkably low.

Mr. Lyons, in his budget speech of July 24, was able to report a surplus of £1,302,000 instead of the deficit of £1,176,000 anticipated a year ago. Revenue exceeded estimates by £5,362,000, of which £2,055,000 came from an increase in customs and excise duties, while expenditures were £2,884,000 above estimates, largely because of the additional relief given to wheat growers. The Post Office finances were £860,000 better than had been expected, and an annual saving of over £2,000,000 of interest will result from the successful conversion of loans due in London. The Federal Government has been able to announce a grant of £2,000,000 to the State Treasuries to assist them in meeting their deficits as well as a special additional grant of £270,000 to the smaller States. These deficits have in any event decreased, and are within the limits fixed by the Loan Council though in view of the refusal of th Commonwealth Bank to continue t finance them after 1934-35 the State will presumably have to reduce ex penditure drastically.

Although the economic portents fo a renewed term of office of the pres ent Commonwealth Government ar favorable, there are also certain sign pointing in the opposite directio The Tasmanian election resulted in the defeat of the Nationalist part and the return of Labor to powe The division between the Lang ar Scullin groups in the Federal Labo party still persists, even though may tend to disappear in certain se tions. In South Australia, for instanc a move has been made to draw bac into the Parliamentary Labor part both the Lang section and those wh had supported the Premiers' plan.

The Scullin group is likely to mal the nationalization of the banks i main plank; the Lang group has n yet published any definite platfor The Lyons government will re largely on its record, but will al invoke its proposed long-range pla for rural rehabilitation. The increase appropriations for defense, amounti to nearly £2,000,000, are also like to play a part in the election; so t are the proposals made by Mr. L tham, following his tour with t trade mission to the Orient, for more active encouragement of forei trade.

NEW ZEALAND IN THE EMPIR

New Zealand is a country primari relying on agriculture. Dairying a stock-raising are most important, a 40 per cent of the production is e ported. Moreover, 80 per cent of the exports go to the United Kingdo It is therefore easy to understand h strongly the loyalist sentiment of Ne

Zealand is supported by economic interest.

The depression struck this Dominion early and severely, and was more difficult to meet by governmental action than in other countries. An attempt to balance budgets by drastic curtailment of expenditures was only partially successful. Later, interest rates and rents were reduced, and a semi-compulsory internal conversion loan was issued in an effort to adjust costs to prices. During 1933 the exchange rate was raised so that £125 (N.Z.) exchanged for £100 sterling. Those measures, with increased taxation, constituted the main points of the government's recovery program.

Improvement has been slow and uneven, but appreciable. Unemployment, which stood at 57,000 on June 27, was 18,000 below the peak of September, 1933, and has been alleviated by a system of public works. The budgetary position is satisfactory, but banking conservatism has led to the use of reserves rather than the issue of Treasury bills.

Great Britain during the past quarter absorbed a 17 per cent increase in volume of New Zealand butter and cheese, but this was offset by an 18 per cent decrease in sterling price. The importance of retaining the present rate of exchange devaluation is therefore obvious.

In these circumstances public opinion has forced the Dominion Government to suggest an extension of reciprocal free trade with Great Britain, even though this would reduce customs receipts and compel the Treasury to turn to other sources of revenue, which are difficult to find. The value of the potential market to Great Britain is considerable, despite the fact that the New Zealand tariff on British goods is already lower than that of the other Dominions.

J. G. Coates, Minister of Customs, in introducing the new customs tariff in the New Zealand House of Representatives on July 10, indicated the government's intentions to carry out the Ottawa agreements and to promote freer trade with Britain. It was important, he said, to protect only industries suitable to New Zealand and to keep down the costs of living and production. Duties on British goods, including iron and steel products and a number of other manufactured goods, were therefore to be reduced, and the preference on British motor cars increased. Some duties were entirely abolished. The Labor party criticized the changes on the ground that they would sacrifice New Zealand's secondary employment. Nevertheless, the House adopted the tariff resolution.

It is not yet certain what response the United Kingdom will make to these overtures. It is, however, not likely to be so favorable as the New Zealand Government hopes, for Major Elliot's policy of agricultural self-sufficiency means a reduction rather than an increase of imports of New Zealand farm products.

New Zealand in common with Canada and India has in the past few months been engaged in setting up a new central bank. One of its important functions will be the provision of machinery for monetary cooperation within the empire such as was discussed at Ottawa. Opponents of the government, as in Canada and India, have criticized the proposals on the ground that they may involve the sacrifice of Dominion autonomy in monetary matters to the dominance of the Bank of England at a time when political independence has finally been recognized. Representatives of the farmers, on the other hand, have tended to argue that the scheme does

not go far enough, that the central bank should not be private but should be owned by the government, and that the attempt to base the currency on gold should be entirely abandoned.

SOUTH AFRICAN PARTY ISSUES

The terms of the fusion between the South African and Nationalist parties published on June 5 merely elaborate the seven points on which the coalition was founded a year ago. They contain a partial declaration of the rights of individuals and of groups. Other points, some of which are rather vague in character, range from the importance of Sunday observance to the desirability of European and the undesirability of Asiatic immigration. The definition of native policy, which shows little change, declares that a solution will be sought "along lines which, without depriving the native of his right of development, will recognize as paramount the essentials of European civilization."

Two other items of importance to the rest of the British Empire and to the outside world are the declarations that there shall be "no assumption of external obligations in conflict with South Africa's interests" and that members of the new party may express individual opinions about "any change in our form of government." The former may be taken to mean an assertion of the right of neutrality in case of war and the latter to open the door to republicans who wish to remain in the party. Both points have been explained away as being purely academic and the second was probably inserted to secure the adhesion of the more extreme Nationalists. If so, it failed, for Dr. Malan's group has decided to go into opposition, to form a Republican party, and to advocate complete independence.

On the other side, also in opposition, will be a group, headed by Colonel Stallard, who believe that the fusion agreement and the Status Act (see June CURRENT HISTORY, page 345) go too far toward secession and do not recognize the obligations of South Africa as part of the empire. Tielmann Roos will lead a Transvaal group which will differ from the fusion on personal grounds rather than on matters of policy. It is fairly clear that the government has at present little to fear from these elements of opposition, which centre chiefly in Natal and the Transvaal.

South African opinion has also been agitated by the status of the three native protectorates of Basutoland, Bechuanaland and Swaziland. General Hertzog has asserted in the House of Assembly the right of the Union to take them over from the British Government. The native inhabitants, in view of the South African Government's policy, have no desire to be handed over, and the British Government is in no hurry to accede to General Hertzog's demands. Its moral obligation to the natives rests in part on treaties made with various unconquered chiefs at the end of the last century, and in part on the understanding more than once expressed by British Governments that the transfer could only be with the consent of the natives and under guarantees that the Union would fulfill its obligations toward them. Under the Statute of Westminster and the Status Act it is no longer possible for the British Government to enforce its views since the power of the Governor General to veto or "reserve" legislation no longer exists. It would therefore be unable to implement the constitutional guarantees contained in the schedule to the South Africa Act of 1909 if future South African Governments decided to ignore them.

France's Uncertain Political Truce

By Gilbert Chinard
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Recent threats to the political truce in France suggest that the antagonisms in French party politics are so deep-rooted that the days of the Doumergue Cabinet of national unity are numbered. Many close observers, at least, believe that it has little chance of lasting very far into the Fall.

In support of this view is the fact that France's economic condition is improving and, even more important, that the present avowedly emergency government has already fulfilled its principal mission. The danger of violent civil disturbances has been lessened, confidence in government finances has been restored and Foreign Minister Barthou's successful efforts to end the political isolation of France have given the country a stronger sense of security than it has felt for a long time. Under these favorable circumstances, it can scarcely be long before some party leader comes forward to pronounce the emergency over and the truce ended.

André Tardieu, former Premier and now Minister of State without portfolio, came very near to destroying the truce on July 18, when he testified before the Parliamentary commission investigating the Stavisky case. Accused in a whispering campaign and in some newspapers of being the "A. Tardi" whose name appears on a stub of Stavisky's checkbook, M. Tardieu bitterly denounced the Radical Socialist party and former Premier Camille Chautemps. He attempted to prove that Chautemps must have been informed about Stavisky's swindling schemes through the Sûreté Générale, and asserted that the check stub was a forgery perpetrated by his political enemies.

This attitude on the part of a member of the government was considered by the Radical Socialists as a breach of the truce and it was thought at first that Edouard Herriot, leader of the party, and his four followers in the Cabinet would be compelled to resign because of party pressure. M. Tardieu's stormy outburst was attributed less to indignation than to a desire to force out the whole Cabinet, to bring about a dissolution of the Chamber and obtain new elections.

These eventualities evidently did not correspond with the wishes of the public, and the incident had an immediate and unfavorable reaction on the rentes and on the Bourse. It took all the personal prestige and skill of Premier Doumergue to save the situation. Hurrying back to Paris from his vacation in the country, he persuaded M. Tardieu to announce that he had no political manoeuvre in mind and that his quarrel with M. Chautemps was a purely personal matter. In this way the party truce was patched up for the time being.

There is little doubt, however, that a large part of the public is deeply dissatisfied with the manner in which the different investigations have been conducted, and especially with the inquiry into the responsibility for the

riots of Feb. 6, which resulted in a general whitewashing of all parties concerned. Thirteen minority members of the commission resigned in protest. The majority thereupon decided to present its report to the Chamber at the beginning of the next session and adjourned.

It was feared for a time that the powerful veterans' organizations also would protest against the meaningless outcome of the investigation. They had fixed July 7 as the deadline for the government to reorganize the administration of the country and accomplish a list of reforms which had been transmitted to M. Doumergue. When the council of veterans' organizations, representing 3,000,000 members, assembled on July 7, Gaston Rivollet, Minister of Pensions, and himself an official in a veterans' society, defended the government's position and won the personal approval of the council. Though the veterans apparently agreed that the government had failed in its undertaking, they could not decide on what should be done, and "the day of reckoning" was postponed by a vote of 299 to 294.

In a special message, Premier Doumergue attempted to placate the veterans by promising to grant supplementary pensions and indemnities to men who were incapacitated in the war, but even such measures fall short of satisfying the demands of the Croix de Feu and similar organizations.

The results achieved by the Stavisky commission are regarded by many as scarcely more satisfactory than those of the riot investigation, though former Minister René Renoult was found guilty of having used his influence while in office in favor of Stavisky, from whom, it is alleged, he had received 50,000 francs as a retainer for acting as legal counsel before he became a member of the Cabinet. The commission is continuing it case against former Minister Albei Dalimier, but completely absolve former Premier Chautemps, only on member voting against him.

The National Council of the Frenc Socialists met on July 15 under th presidency of Léon Blum to determir the policy of the party in the preser situation. Its most significant decisio was to accept the Communist offer (cooperation against the Fascist threa in the coming elections to the gener councils of the departments. This a peared to indicate that the Socialist who have heretofore supported tl Radicals and Radical Socialists many political battles, have decided break away from them and associa for election purposes with the e treme Left.

An extensive plan for ending uner ployment and stimulating productic by appropriating more than 10,00(000,000 francs for public works w adopted by the Chamber of Deputi by a show of hands on July 6 and rat fied unanimously by the Senate (the next day. Of this sum 2,725,000,0(francs was set aside for the moderr zation of railroads, the elimination grade crossings and the introductic of safety devices. Seven hundred m lion francs will be spent to impro the water supply in rural commur ties, and 6,000,000,000 francs was r served for public works in the regic around Paris.

On the same day the Senate a proved the Fiscal Reform Bill alreac passed by the Chamber. The new la does not provide for any drast change in the present legislation, b introduces some order into the cha which formerly prevailed in tl French system of taxation. Amor the changes was the elimination of tl luxury tax on certain articles, whi has proved unproductive and, in a

lition, has seriously handicapped the tourist trade. Parliament then adjourned for the usual Summer recess, subject to recall by the President of the Republic.

The Minister of Finance announced on July 11 that a loan of 3,000,000,000 francs would be floated in order to obtain fresh money and reduce the outstanding Treasury bonds. The bonds were issued at 95, bearing interest at 4 per cent, and will be redeemable at the end of fifty years at 140. This may be considered a high rate, but it indicates real progress, as the Treasury was previously obliged to offer as high as 6 per cent interest on short-term loans.

The gold reserve of the Bank of France reached 79,652,000,000 francs on July 12, a new high for the current year. The ratio of the gold cover is now 79.56 per cent, as against 78.13 per cent a year ago. The monthly index of commodity prices showed a marked decline in June, with an average of 363, as compared with 372 in May and 396 in June, 1933. Retail prices averaged 495 at the end of June, as against 496 in May and 511 in 1933. Some improvement was seen in the statistics on foreign trade for the first six months of the year. Exports increased in volume as compared with the same period in 1933, but were somewhat lower in value. This is interpreted by the French experts as indicating an effort by the industrialists to meet world prices.

The Franco-British trade agreement has been ratified by the Chamber. This, it is believed, will terminate the dispute that almost throttled trade between the two countries. The United States is now the only major power with which France has no commercial treaty.

BELGIAN CABINET HOLDS ON

The reconstituted Broqueville Cabinet was received by the Belgian Chamber of Deputies without enthusiasm on June 20, and was, in fact, severely criticized by M. Vandervelde, Opposition leader, and by M. Max, leader of the Liberals. It nevertheless obtained a vote of confidence, and on July 20 it was granted a free hand in financial and economic affairs, including tax reforms, until the Fall. These special powers were conceded by the close vote of 89 to 77 and only after the Cabinet gave its formal promise that no measure affecting the value of the franc would be adopted without consulting Parliament. The government may, however, reduce pensions and State salaries, increase taxation and take away the partial autonomy of the communes and local councils in financial matters.

A bill forbidding the wearing of uniforms by members of political organizations was passed by the Chamber on July 12. This measure was aimed at the various groups which are attempting to promote a Fascist movement in Belgium. At the same time such organizations were forbidden to concern themselves with any matter appertaining to the regular forces of the State. Political associations may not, for example, possess arms or engage in military drill.

Following the vote on plenary powers on July 20 the Chamber adjourned for six months on the understanding that at the end of this period the government would report in detail on measures taken during the recess.

Dollfuss: Victim of Nazi Crime

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ON Wednesday, July 25, hardly a month after Hitler's bloody purging process in Germany, and precisely twenty years after Serbia's rejection of the Austrian ultimatum on the eve of the World War, Central Europe was again shocked by another brutal political assassination. Some 144 armed Austrian Nazis, disguised in the uniform of regular Austrian troops, seized the Chancellery in Vienna and for several hours held prisoner the members of the Austrian Cabinet. The courageous and patriotic little Chancellor, Engelbert Dollfuss, who had tried so hard to maintain the independence of his country, was shot down, denied by his captors the services of a physician and the last rites of the church, and allowed to bleed slowly to death.

The causes of this horrible deed are complex. For convenience they may be briefly analyzed as fourfold: (1) The effects of the war and the peace treaties of 1919; (2) the existence in Austria of a widespread Nazi movement similar to that in Germany; (3) the ruthless anti-democratic methods and use of force which the Dollfuss government gradually felt forced to adopt; and (4), last but by no means least, the persistent threats to his rule by German Nazis—by the long-announced determination of Hitler and his followers to bring Austria under Nazi rule, by provocative radio speeches and newspaper articles, and by bombs and other weapons of destruction believed to have been smuggled into Austria from across the German border.

In Austria, as everywhere, the World War had a brutalizing influence. Men became accustomed to hold human life cheaply and to resort to they too often kept after the peace. violence. War taught them to kill and provided them with weapons which Rowdy and idle elements, which could find no easy place in economic life after the war, put the blame for their condition on others and organized into armed bands. There grew up a number of semi-military organizations which were appropriated by ambitious political leaders for party purposes. Thus, in Austria, besides the legal military forces of the regular army and the police, there were various armed groups—Social Democratic, National Socialist, Fascist, and Starhemberg retainers—defying one another and threatening to defy the State itself. This condition of things, with the constant danger of revolution or civil war, produced restlessness, suspicions, exasperation and various acts of violence.

When Dollfuss became Chancellor on May 20, 1932, he sought to remedy this state of affairs by strengthening the power of the Federal Government economically and morally as well as in its military aspects. He tried to rally hostile factions to his own support and to create a new feeling of Austrian patriotism and independence. He forbade the display of any flags or political symbols except the Aus-

trian flag. But young Prince Starhemberg, with money and munitions supplied by Mussolini, managed to increase and consolidate the military Fascist elements until his Heimwehr (Home Defense) troops numbered some 75,000, or three times the number of the Austrian regular army. He was so strong that Dollfuss ultimately sought alliance with him instead of crushing him and remaining on a democratic foundation. It was this private army of Starhemberg's, the Heimwehr, that was primarily responsible for the ruthless violence with which the Social Democrats were crushed last February. The Heimwehr emerged stronger than ever.

There remained the Austrian Nazis. Though outlawed as a party by Dollfuss, they remained a secret organization and perpetrated innumerable acts of violence. They bombed railways, bridges and public buildings and occasionally shot their opponents. The war left in Austria a terrible legacy of violence.

The peace treaties were also responsible for much political and social unrest in Austria. From a country of 55,000,000 inhabitants Austria was cut down to one of 7,000,000. Though the vanquished Austrian Germans were more or less reconciled to the inevitable loss of their non-German subject nationalities, they very bitterly resented the treaty arrangements which placed some 400,000 Germans in the Tyrol under the nationalistic oppression of Italy and Mussolini. They resented also the treaty clauses which, in defiance of the principle of self-determination, forbade to German Austria any union with Germany. The very fact that it was forbidden in itself made it desired by thousands, quite apart from many political and economic advantages which the union would have brought to Austria.

Austria was also placed by the peace treaties in an almost impossible economic situation. Her manufacturing interests were ruined by the loss of her coal mines and by the tariffs set up by her neighbors against her manufactured goods. The old Habsburg monarchy, comprising a large part of the Danubian area, had been a fairly well balanced economic unit, but that was destroyed in favor of the little Succession States. Within Austria itself the economic and political balance was not healthy. Vienna, controlled by Social Democrats, with a population of 2,000,000, was at constant odds with a Catholic, conservative rural population of 5,000,000, which controlled the Federal Government in Vienna.

Economic life was stagnant owing to the destructive effects of the war, the new tariff boundaries and the crushing burden of taxation. In addition to the general taxes to carry on the government and pay impossible interest to foreign bankers, the Vienna Social Democrats imposed further burdens on the middle and upper classes to carry out their own otherwise admirable housing and social welfare projects. The peace treaties, though not wholly to blame, nevertheless contributed to economic maladjustment and social unrest as well as to political resentment in Austria.

Before Hitler rose to power in Germany there had developed an active Nazi party in Austria for many of the same reasons as in Germany. It was led by Theodor Habicht, Alfred and Heinrich Frauenfeld and other Hitler lieutenants. It desired the union of Austria and Germany in accordance with the policies which Hitler had proclaimed. Its purpose in seeking union of the two German-speaking peoples was shared by the Austrian Pan-Germans and many of the most

influential Austrian leaders, including Dollfuss. It probably represented the wish of a majority of the Austrian people.

Accordingly the Bruening government in 1931 proposed an economic union (not a political union or *Anschluss,* for this was forbidden by the peace treaties) by which Bruening hoped to gain popularity for his waning government and undermine the growing power of the Hitlerites. Possibly if he had been allowed to carry out his proposal he would have so strengthened himself that Hitler would never have been able to come into power. But France and her eastern satellites, together with Italy, hotly objected, and the proposal had to be abandoned.

After Hitler became the head of the German Government a complete reversal of the situation took place in Austria. Hitler's methods of violence, the crushing of the Communists, Social Democrats and Roman Catholics in Germany, the forcible coordination of everything in the interests of the Totalitarian State antagonized nearly all elements in Austria except the Austrian Nazis. The great majority of Austrians were especially antagonized by the efforts of both Austrian and German Nazis to bring Austria under Hitler's control. There began a strong national movement in Austria, led by Dollfuss, to preserve Austrian independence. So began a conflict between the government and the Nazis which increased in bitterness and violence as the months went on until the Nazi putsch, or revolt, of July 25 resulted in the assassination of the Chancellor.

In this effort to curb the Nazis Dollfuss felt it necessary to resort more and more to dictatorial methods and the use of force, somewhat after the manner of Hitler himself. He put aside the Austrian Parliament, abolished freedom of speech, press and meeting, and allowed more and more freedom of action to Starhemberg and his ruthless Heimwehr troops, who were permitted to crush the Social Democrats last February. Some of the Social Democrats in their bitterness against Dollfuss and the government action in suppressing the "February revolution" probably joined the Austrian Nazis, not out of any love for them, for they had always detested them, but out of common hatred for Dollfuss and the Heimwehr whose rule they wanted to see overthrown. This accession of some Social Democratic support probably encouraged the Nazis in their revolt on July 25.

The Austrian Nazis on their part, after standing aside while their Social Democratic enemies were crushed in the February revolution, soon began to renew their bombings and attacks on the Dollfuss government in spite of all the prohibitions directed against them. They were undoubtedly secretly supplied with explosives from Nazi sympathizers in Germany, and more or less openly encouraged by Hitler's own subordinates.

When Theodor Habicht was expelled from Austria he went to Munich. There he broadcast hateful criticisms of Dollfuss's dictatorship and promised encouragement to the Nazis in Austria. Alfred Frauenfeld, arrested in Austria and later released on his word of honor that he would not re-engage in political activity, escaped to Munich and cooperated with Habicht in propaganda against Dollfuss. Several thousand Austrian Nazis also fled from home into Germany where they were welcomed and fêted by Hitler's Storm Troops and housed in German barracks. It was suspected that they were only waiting for an op-

portunity to invade Austria to support a revolution which would overthrow Dollfuss and set up a Nazi régime; Hitler could then have claimed that the movement was an internal Austrian affair for which he was not responsible, though it would have placed his sympathizers in power.

From February to June the melancholy list of almost daily Nazi outrages in Austria continued to fill the dispatches of the foreign correspondents. It is quite possible that Hitler himself disapproved this incitement against Dollfuss from within Germany, which, if it succeeded, was sure to increase his diplomatic difficulties with Italy and France and the rest of the world. It is quite possible that it was primarily the work of his more fanatical followers and especially of the Storm Troops. But until the middle of June he apparently did nothing to check it. In this sense he is responsible for creating the atmosphere which led to the attack on the Austrian Chancellery and the assassination of Dollfuss.

On June 14 and 15 Hitler visited Mussolini at Venice. Although nothing certain is known about their conversations, it is probable that the Italian dictator made emphatically clear to his German brother that German encouragement to overthrow Dollfuss must stop. At any rate, for a few days after the Venice meeting there was a lull in the Nazi bombings in Austria and the provocative radio speeches from Munich. Habicht was temporarily silenced and the Austrian fugitives or "legionaries" in Germany were placed under stricter supervision. One of Hitler's reasons for proceeding against Roehm and the "traitors" was probably the desire to check the embarrassing anti-Austrian incitement of his more fanatical followers which had its centre at Munich, where Roehm commanded the Storm Troopers. But he did not withdraw the retaliatory 1,000-mark visa fee for Germans entering Austria, which he had imposed some months earlier with the aim of ruining the profitable German tourist trade there.

June 28, St. Vitus's Day, the anniversary of the Sarajevo assassination and the signing of the Versailles Treaty, was seized upon by the Austrian Nazis for a new demonstration of bombings. Several bombs exploded at Salzburg, wounding passers-by and destroying a garage near the local government building. Another bomb near the Leopoldskron municipal waterworks did considerable damage. At Innsbruck a bomb was found near a Catholic printing house; the janitor threw it into a neighboring garden, where it exploded, smashing several hundred windows in the neighborhood. An attempt was made to destroy the great Achensee power station which serves the electric railroads in the Tyrol by persons whose footsteps seemed to indicate that they had come across the neighboring Austro-Bavarian border and had returned by the same route after the bombing. Another explosion partly blew up a small electric power station at Hall, near Innsbruck. Sections of railway, telephone and telegraph lines were blown up or cut in some fifteen other places.

These events seemed to indicate that Hitler was unable, or unwilling, to curb the Austrian Nazis. They shattered the hopes that his meeting with Mussolini at Venice might lead to permanently better conditions.

Some of the acts of violence from which Austria had suffered increasingly ever since the February revolution and which were generally attributed to the Nazis were not improbably the work of Social Democrats. For example, Joseph Gerl, a 20-year-old

Czechoslovak, who was executed on July 24, tried to blow up a signal mast on a Vienna suburban railway, and shot and seriously wounded a policeman who caught him in the act. At his trial he declared that he had made the attempt in the hope that it would be attributed to the Nazis and so diminish the prospects of a reconciliation between Hitler and Dollfuss. Three days after his execution a handbill circulated by Social Democrats in Vienna declared:

"What happened in Austria on July 25 essentially resembled the June 30 event in Germany. In both cases Fascists murdered Fascists. Here, as well as there, it means the beginning of the end. Our hour approaches! Every unbiased observer in Austria must admit the death of Dollfuss was received by the masses with undisguised joy as the death of a pirate and murderer of liberty, who scarcely a day previous had caused a young workman to be hanged."

Hitler's sudden annihilation of Ernst Roehm and other Left leaders of the Storm Troopers on June 30 gave rise to the hope in Austrian government circles that there would be an improvement in the relations between the two German countries. The Austrian Nazis were reported to be discouraged at the alleged treason within the Nazi ranks in Germany and the patent evidence that all was not well within the Totalitarian State. In spite of the way the German press exalted Hitler as a hero who had purged the movement of rotten elements, the Austrian Nazis could not help sharing the general world opinion that the German Nazis had suffered very seriously in prestige. The Storm Troops, who had shown most sympathy with the Austrian legionaries in Germany, had been sent on vacation for a month. The Brown Shirt headquarters were removed under Roehm's successor, Victor Lutze, from Munich, which had been the centre of anti-Austrian intrigue and incitement, to Berlin, where the leaders would be under the closer supervision and control of Hitler and his more moderate advisers.

Dollfuss and his fellow-Ministers were correspondingly encouraged by the German events of June 30. They believed that Hitler would be kept so busy with the internal German situation that he would be less inclined to permit a continuation of Nazi violence in Austria. Speaking at Mariazell on July 9, Dollfuss hopefully declared: "Events in Germany have surely brought enlightenment to those whom wild handling deprived of their reason and who thought that they could achieve their ends through violence. I am convinced that this enlightenment will very soon bring quiet and freedom to our land. We shall block the path to no one who, seeing his errors, wants to change his ways and work for the common good." Nevertheless, Dollfuss did not intend to take any chances, and proceeded to reorganize his Cabinet and to decree new laws against bombers and all those who had explosives in their possession.

Up to the time of "Roehm's revolt" the Dollfuss government had shown a certain timidity in dealing with Austrian Nazis. They had been dealt with much more leniently than the Social Democrats. Though hundreds of Nazis had been arrested and given prison sentences or sent to concentration camps, none had been executed. There may have been many reasons for this. Dollfuss personally was of a kindly and gentle nature, opposed to a policy of vengeance and extreme severity. More important, Nazis were scattered everywhere through the country and

even in government positions, and it might not be wise to antagonize them by too much severity. Starhemberg, who controlled the powerful Heimwehr, had once been an ardent follower of Hitler and had taken part in his abortive putsch at Munich in 1923; in the Spring of the present year it was reported that he had had secret negotiations with Hitler's agents; it would not be safe to alienate by a too extreme extirpation of Nazis in Austria the strong Heimwehr force which he controlled. But after the German events of June 30 Dollfuss felt strong enough to prepare for a more vigorous policy.

On July 11 the Chancellor handed in to President Miklas the resignation of the entire Cabinet. He was at once invited to form a new one, which he did with the following personnel: Dr. Dollfuss, Chancellor, Minister of Foreign Affairs, Security, War, Forestry and Agriculture; Prince Ernst von Starhemberg, Vice Chancellor; Major Emil Fey, Commissioner of Emergency Measures for Defense of the State; Dr. Kurt Schuschnigg, Minister of Education; Baron Odo Neustaedter-Stuermer, Minister of Social Welfare; Dr. Karl Buresch, Minister of Finance; Fritz Stockinger, Minister of Commerce and Communications; Egon Berger-Waldenegg, Minister of Justice; Baron Karl Karwinsky, Secretary of State for Security; Dr. Stefan Tauschitz, Secretary of State for Foreign Affairs; General Wilhelm Zehner, Secretary of State for National Defense.

Among those dropped in forming the new Cabinet were the Minister of War, Prince Alois von Schoenburg-Hartenstein, and Herr Glass and Herr Kerber, two Secretaries of State belonging to the Landbund (Farmers' party), a group which Dollfuss had tried in vain to rally completely to his support. The reasons for transferri the War Department from Scho burg-Hartenstein, who was the or member of the former Habsburg ar tocracy in the old Cabinet, were pr ably several. The Prince had be known as a lifelong legitimist, and l omission may be taken as an indi tion that Dollfuss had withdrawn, p haps at Mussolini's prompting, fr the favorable attitude toward t Habsburgs recently shown by t Austrian Government. The Prir also incurred the disfavor of t Chancellor and the Heimwehr throu his endeavors to make the army entirely non-political body somewh on the lines of the German Reicl wehr, while they wished it to be ma a politically conscious instrument Clerical-Fascism. Furthermore, t Prince's son had been a Nazi sy pathizer, and was recently disciplin as such. All three of the men who we dropped had steadily opposed in t Cabinet any severe procedure agair Nazi bombers.

Prince Starhemberg was retained Vice Chancellor, a position to whi he had been appointed in place Major Fey in May in recognition his power as leader of the Heimwe and for his suppression of the Soc Democrats in the February revol tion. Three other members of the ne Cabinet were also Heimwehr men, that this semi-military Fascist orga ization was well represented.

The most important feature of t reshuffling of the Cabinet was the i creased concentration of power in t hands of Chancellor Dollfuss himse He appointed three Secretaries State to assist him—in the Forei Office Dr. Tauschitz, recently recall from his position as Austrian Minist at Berlin and able to inform the Cal net on the recent events in German Karl Karwinsky as Secretary for S

curity; and a few days later General Wilhelm Zehner as Secretary of State for National Defense, serving directly under the Chancellor.

Heimwehr Major Fey, who resigned as Minister of Security, was given increased power as "Special Commissioner of Emergency Measures for Defense of the State." This meant that he would be able to override the highest officials in all the Ministries in his efforts to defeat the Nazi struggle to obtain the upper hand in Austria. On his taking office, his newspaper, the *Abendzeitung,* published a vitriolic editorial warning the Hitler government that Austria realized that "anarchy" prevailed in the neighboring Reich, and that the time had come for Austria to safeguard herself and to "consider what is to be done to extinguish the centre of contagion. The new Cabinet is a government of determined will for defense. Minister Fey has been selected for the final struggle against the terror and is a guarantee that a definite end is to be made of all bomb-throwing. The reconstruction of the Cabinet signifies not only a strengthening of the Heimwehr, which has at least four out of the eight Ministers, and is not only a new evidence of the close cooperation between the Heimwehr and the government, but is a final warning to all enemies of the State. Pardon will no longer be given."

The Austrian Foreign Office had to caution the foreign correspondents that Major Fey's attack was not to be regarded as a semi-official attack on Germany. But it sufficiently indicated the intentions of the new Cabinet.

Two days later Chancellor Dollfuss issued a decree warning all persons that they would have five days within which to turn in all explosives to the government. Anyone caught with explosives after that period faced a single penalty—death. Courts were no longer to be permitted to impose milder sentences.

In spite of this warning several more bombings took place, one at Salzburg causing injury to five persons. Seven Nazis were arrested on suspicion of connection with the case. On July 19 Alfred Frauenfeld spoke on the Munich radio, warning the Dollfuss government in turn that if any of the seven Nazis were sentenced to death civil war would be likely. "No one should be under any delusion as to the fate of traitors and spies in Austria if the court-martial passes a sentence of death on the seven Nazis, who have the whole nation behind them." On July 23 Baron Karwinsky, Secretary of State for Security, announced that the Cabinet decree on explosives had had considerable effect: altogether there had been turned in 233 pounds of dynamite and ammonite, 512 pounds of other explosives, 1,150 bombs, 1,242 paper detonators, over 2,000 feet of fuse, and a large number of pistols.

Perhaps because of the Cabinet's firm policy of striking hard to root out the bombing evil and put an end to the Nazi terrorism in Austria, the Nazis determined to strike back before it should be too late. The events of the next days indicate that their plot was not well organized, nor was it clear from the trial of Dollfuss's assailants who was at the head of it. Apparently the plan was to arrest, but not kill, the Ministers, and to force upon them another Cabinet which should contain some of the old Ministers and also give more representation to Nazis.

According to the list said to have been drawn up by the leaders of the putsch their new Cabinet was to consist of Anton Rintelen (Chancellor), Emil Fey (Vice Chancellor), Konstan-

tin Kammerhofer (Defense), Franz Winkler (Agriculture), Franz Meyszner (Interior), and Walter Pfrimer (Justice). Rintelen, Austrian Minister to Italy and formerly Vice Chancellor under Dollfuss, had just returned from Rome and had been frequently named as likely to be Dollfuss' successor. He was very popular with the rural peasantry and was often called the "uncrowned King of Styria." According to another alleged list, published later in the Vienna newspapers and less probable, the names of Theodor Habicht and Alfred Frauenfeld were included in the intended Rintelen rebel Cabinet.

Shortly after 1 P. M. on July 25 two groups of Nazis tried to seize the government in Vienna. One group of eight young men drove up to the Ravag broadcasting station to send out word that the Dollfuss government had been overthrown and replaced by another headed by Rintelen. When the policeman at the door of the radio station challenged them, he was shot down. Inside they were opposed by one of the radio directors, who was also shot. A police alarm having been given, a siege of the radio station began from the narrow street, where the rebels defended themselves with revolvers for several hours from hundreds of police before they were finally captured.

Meanwhile the other and larger group, consisting of some 144 Nazis disguised in uniforms of the Deutschmeister Regiment of the regular army, suddenly appeared in trucks in front of the Ballhausplatz, where the Chancellery is situated, and where Dr. Dollfuss and several of the Cabinet were at the moment in consultation. The appearance of the trucks at first caused no alarm as the men were in regular uniform. But they burst into the building, closed the doors after them, and huddled some 150 subordinate officials and clerks into a courtyard, where they were forced to keep quiet. Others of the gang, led by Franz Holzweber, a 30-year-old electrician, and Otto Planetta, a 37-year-old porter, rushed upstairs and into the reception room where the Congress of Vienna had once met.

Here they found Chancellor Dollfuss, who was shot at close range in the neck and under the armpit by Planetta. The assassin stated at his trial that he had no intention of killing the Chancellor; that he and his associates all had strict orders on starting out to kill no one unless resistance was offered; and that if he shot Dollfuss, it was under the stress of excitement. In his final statement before his execution a few days later he said: "I am very sorry I killed the Federal Chancellor, and I ask the court to convey to his widow my deep regret and to assure her that it was not done in hatred, and I ask her forgiveness."

The stricken Chancellor was laid on a sofa and gradually bled to death in a couple of hours. The assassins would not allow him to be removed to a hospital and would not call a doctor or a priest for fear of revealing what they had done. In any case, according to the medical testimony at the court-martial, no doctor could have saved him; the bullet in the neck had struck the spinal cord and its effect was fatal.

Others of the gang had in the meantime arrested the other Cabinet Ministers, who refused to yield up the government. Though the telephone connections had been cut off, the news of what had been happening in the Chancellery began to percolate to the outside and the building was surrounded by police and troops who threatened to storm the place. About 5 P. M. to prevent bloodshed and to

save their own skins the rebels, who began to see that their putsch had failed, compelled Major Fey to appear on the balcony thrice and order the troops not to attack. They also compelled him to promise them a safe-conduct to Germany, even after he was aware that the Chancellor had been shot and had died. Not satisfied with this promise they also insisted that Fey telephone to Dr. Rieth, the German Minister to Austria, and secure his endorsement for the safe-conduct across the border. Dr. Rieth, according to his own statement, consented to go to the Chancellery, not as Minister but in a personal capacity at the request of his friend Fey and to prevent bloodshed, and gave his endorsement. Finally, after nearly seven hours of imprisonment the Cabinet Ministers were released and the invaders were taken into custody.

The Heimwehr were furious at what had happened, and the Vienna population were inexpressibly shocked and indignant. The promise of safe-conduct was not observed on the ground that it was nullified by the fact of Dollfuss's assassination, which was said not to have been known at the time that the safe-conduct was promised. Major Fey, however, stated emphatically at the court-martial that it was known to him and to Dr. Rieth at the time the promise was made.

Dr. Schuschnigg was at once appointed Acting Chancellor and with the aid of the other Cabinet Ministers immediately took energetic steps to put down the Nazi revolts which broke out all over Austria, especially in the provinces of Styria and Carinthia. A small civil war raged for several days in which the Nazis were gradually defeated, dislodged from the places they had seized, or driven over the borders into Yugoslavia and Italy, where they were disarmed and interned. It is estimated that at least 100 government troops and Heimwehr were killed and many times that number of rebels.

Within a week the last flickerings of the revolt in the provincial districts seemed to be definitely stamped out. The collapse of the plot was partly owing to lack of careful planning and organization. The failure of the attempt to send out a broadcast definitely announcing the overthrow of the Dollfuss government caused delay in the revolt in the provinces. The putschists at the Chancellery appeared to have no political leader on the spot to take over the direction of the movement; this was admitted by the rebel prisoners at the court-martial; they said that the expected man did not arrive, but they refused to reveal his identity.

Of the putschists captured in Vienna and denied the promised safe-conduct, Holzweber and Planetta, who were responsible for the assassination of Chancellor Dollfuss, were given a prompt and apparently fair court-martial, and hanged on July 31. The last words uttered by each man as the noose was placed around his neck were "Heil Hitler!" It was expected that several others would be given the death penalty later. Most of the rest were sent to a concentration camp. Dr. Anton Rintelen, who had returned from his post at Rome and was said to have been chosen to head the rebel Cabinet, was immediately arrested in Vienna. He was severely wounded (even reported dead at first), either by attempted suicide or by the violence of those who arrested him. He may well have been the leader whom Holzweber and Planetta said they were awaiting. A Vienna police official, who with several other disloyal police was said to have been implicated in the seizure of the Chancellery, committed suicide

by jumping from the fourth story of the police building a few days later as he was about to be arrested.

Though many persons expected that Chancellor Dollfuss' successor would be his former Vice Chancellor, Prince Starhemberg, the new Cabinet announced on July 30 was constituted as follows: Dr. Schuschnigg, Chancellor, Minister of Defense, Justice and Education; Prince Starhemberg, Vice Chancellor and Minister of Public Security; Major Fey, Minister of the Interior; Herr Berger-Waldenegg, Minister of Foreign Affairs; Friedrich Stockinger, Minister of Commerce; Dr. Karl Buresch, Minister of Finance; Baron Neustaedter-Stuermer, Minister of Social Welfare. The following were appointed Under Secretaries: Wilhelm Zehner (Defense), Hans Pernter (Education), Karl Karwinsky (Justice), Ulrich Igl (Agriculture) and Stefan Tauschitz (Foreign Affairs).

It was expected that the new Cabinet would carry out the Dollfuss Fascist program and continue strong dictatorial measures, supported by Starhemberg's Heimwehr, until peace and quiet were thoroughly restored in Austria.

There were also indications that the Cabinet might seek a reconciliation with the Social Democrats by releasing a large number of them who have been in prison or concentration camps ever since the termination of the February revolution.

The new Chancellor is a member of the Christian Socialist (Catholic) party to which Dollfuss belonged. Formerly closely associated with Dr. Seipel, the outstanding clerical leader in Austria since the end of the World War, Chancellor Schuschnigg has been prominent in political life for many years. He became a member of the Buresch Cabinet in January, 1932, and remained as Minister of Justice when Dollfuss formed his first Cabinet on May 20, 1932. He took a leading part in negotiating the Concordat with the Vatican in May, 1933. He has been an ardent anti-Socialist and anti-Nazi. On May 27, 1933, he ordered the police to intervene in the disorders at the University of Vienna and eject Nazi disturbers, that being the first time in half a century that the police had entered the university premises, which until then had enjoyed academic immunity. In a speech on June 8 Dr. Schuschnigg warned Protestants in Austria against allying themselves with the Nazis, pointing out that in Germany the Nazis were persecuting the Catholics and Protestants alike.

The repercussions of the Austrian events upon the European diplomatic situation were at first alarming. Quotations fell on the stock exchanges. Scaremongers drew pessimistic analogies between the assassination of the Archduke Franz Ferdinand at Sarajevo in 1914 and that of Chancellor Dollfuss. Serbia's secret complicity in the former was compared to Nazi Germany's in the latter. There were in fact many curious analogies between the two situations in 1914 and 1934. But one important fact was generally overlooked. In 1914 the European powers were more or less evenly grouped in two systems of hostile alliances, neither of which would make concessions involving supposed loss of prestige. In 1934 Germany stands virtually alone, relatively weak in military power and diplomatically isolated by the public opinion of the world which generally holds her responsible indirectly, if not directly, for the Austrian turmoil and the death of Chancellor Dollfuss. In 1934 no sane German can think of taking up arms, and no European power thinks of attacking her if she keeps quiet.

Great Britain, France and the Soviet Union adopted an attitude of stern reserve. Mussolini, however, rushed 40,000 troops to the Austrian frontier ready to invade Austria if the Nazis triumphed or Germany interfered. And the government-controlled Italian press poured out vitriolic criticism and warnings against Germany which exceeded anything that one finds in the French press. The *Messagero* declared:

"Now that the Nazi manoeuvre has failed, the evil beast immediately reverts to its true nature. It instinctively again meditates new deeds of blood and new persecutions and vengeances. One German newspaper openly threatens bloody events against those who have not heeded the warning of July 25, and another faces Prince Starhemberg [he was then Acting Austrian Chancellor] with the dilemma of either becoming reconciled with Nazism or facing another outbreak of violence. Are these irresponsible threats derived from moral baseness and from a clean-cut spiritual divorce from the rest of the world, or are they threats corresponding with well-defined intentions and concrete plans? In any case Europe, or at least the civilized part of Europe, is keenly on the alert and the soldiers of Italy on the Brenner and Carinthia frontiers are ready for any eventuality."

Mussolini himself had personal and political motives for being aroused emotionally against Hitler and Germany. Personally he felt that Hitler had gone back on the understanding supposed to have been reached at Venice in June that German Nazis would henceforth leave Austria in peace. Moreover, he had just been receiving as guests at his Summer home at Riccione Dr. and Frau Dollfuss and their children. Dollfuss had returned to Vienna but was expecting to return to Riccione for his family at the end of July. It was Mussolini who had to break the news of the assassination to the Chancellor's wife and put her into an airplane to attend the funeral in Vienna, while she left her two children in Italy. Naturally, he was aroused to intense emotional indignation against the country which he held morally responsible for the death of the man whom he had just welcomed to his home, precisely as the Kaiser was aroused to intense emotional indignation in 1914 against the Serbs whom he held morally responsible for the assassination of the Archduke whose guest he had been at Konopisch only two weeks before.

Politically also Mussolini and the Italians were indignant at the danger if the Nazis should succeed in getting control of Austria. That might mean an enlarged Germany which, stretching to the frontiers of Italy, might one day seek to wrench back from Italy the 400,000 Germans in the Tyrol unwisely assigned to Italy by the peace treaties in 1919. Moreover, Nazi Germans in control of Austria would soon dominate the Danube Valley, where Mussolini himself has been trying to establish his influence by his recent agreements with Hungary and Austria and by his supply of arms and money to Starhemberg's Heimwehr.

There was all the more danger of this since Germany recently signed a commercial treaty and established friendly relations with Yugoslavia which, with its outlet on the Adriatic is Italy's bitterest enemy. Yugoslav troops had also been moved up instantly to the Austrian border, as much to keep an eye on the Italian troops on the Austrian border as to prevent the Austrian civil war from spilling over into Yugoslavia. If Italian troops entered Austria there wa

danger that Yugoslav troops would do the same, and then there was likely to be a clash between these two hostile Adriatic rivals.

Fortunately, however, moderation soon prevailed in both Italy and Yugoslavia. The troops of both nations merely watched the Austrian border and disarmed and interned escaping Nazis, but did not cross it. The Italian press soon adopted a somewhat more moderate tone. The *Giornale d'Italia,* which usually reflects with absolute fidelity the opinion of the Italian Foreign Office, declared on July 30:

"The Italian press, which faithfully interprets the thoughts of the nation, has no fundamental hostility against nor any deliberate intention to enter into polemics with present-day Germany and her policies. The Berlin government, it is to be hoped, will consider the international danger, of a political and moral nature, of its excessive intolerance and of the insufficient clearness of its attitude. New ideas of reasonableness and conciliation must arise beyond our frontiers. Premier Mussolini, by his energetic action, wished again to render clear to all Italy's viewpoint about Austria and to bring about a responsible attitude on the part of all the governments that have had any share in the Austrian disorder. Italy wishes to give credence to Chancellor Hitler's words and the conciliatory intentions that they express. Meantime, she remains vigilant and waits for events to prove that her confidence has not been misplaced."

In Germany also, in spite of a few defiant or jubilant expressions of newspaper opinion at the death of Dollfuss, Chancellor Hitler helped to dispel the war clouds by a perfectly "correct" attitude. The German-Austrian frontier was at once strictly closed to prevent any German Nazis or Austrian legionaries in Germany from crossing into Austria to take part in the civil war. The headquarters of the Austrian legionaries in Munich were closed; they were forbidden to wear their uniforms; and they were removed from Bavaria to Central or North Germany, far from the Austrian border. They had now become an incubus that the German Government did not know how to dispose of. Theodor Habicht was dismissed on July 27 from his position in Munich. On the afternoon of July 25 he had given a German news agency a report of the attack on the Dollfuss government that so closely coincided with the events which actually took place that some observers believed that it indicated his complicity in the fatal events; his report was suppressed after half an hour and did not appear in any of the German newspapers. President von Hindenburg and the German Foreign Minister sent the proper messages of condolence. And Dr. Rieth was recalled from Vienna for his impropriety in personally approving the offer of a safe-conduct to the putschists.

On July 27 it was announced that Hitler had invited Vice Chancellor von Papen, who was then in Switzerland, to go to Vienna as Dr. Rieth's successor. As it is customary to inquire first of the government to which an envoy is sent whether he is *persona grata,* the announcement was a diplomatic impropriety. Von Papen accepted the invitation and hurried to Baireuth, where Hitler had been attending the Wagner festival, to consult with the Nazi leaders and to exact a free hand in trying to establish friendly relations with Austria. But Vienna administered a snub to Berlin in delaying to reply to Hitler's inquiry as to whether von Papen would be an acceptable successor to Dr. Rieth.

Whether this delay, which still continued at the moment these lines were written, was due to prompting from Mussolini, as was widely believed by the foreign correspondents, or whether it was due to the confusion and delay in organizing a new Cabinet at Vienna, is not certain. As tria had not sent any one to re Dr. Tauschitz at the Austrian] tion in Berlin, the diplomatic rela between the two countries rem in the hands of their respe chargés d'affaires.

Hitler Assumes Hindenburg's Pow

EARLY on the morning of Aug. 2 Paul von Hindenburg, President of Germany, passed away peacefully at his beloved estate at Neudeck in East Prussia. He would have been 87 years old on Oct. 2.

In 1914 von Hindenburg, already an old man on the retired list, was hardly known outside German military circles. But with the Russian invasion of East Prussia he was picked by the Kaiser as the man best fitted to take command of a dangerous situation. As a boy in East Prussia he had wandered all over the difficult Masurian swamp region and knew every foot of the ground. Later, as instructor in the war college in Berlin, he had often studied the theoretical plans for the defense of East Prussia against a Russian invasion. Within two weeks he had brilliantly justified the Kaiser's decision, and wrote jokingly to his wife: "I believe your old man is going to become famous after all." In the battle of the Masurian Lakes, popularly known as the Battle of Tannenberg, he and Ludendorff annihilated a Russian army far larger than their own in the most remarkable German victory of the whole war and definitely freed East Prussia from any further danger of Russian invasion.

No better personal appreciation of von Hindenburg has been given than that of Prince von Buelow, who in his memoirs: "Von Hindenbu German to the bones; he embod the good and majestic qualities (German people and especially German army." But even von B did not foresee the majestic po rôle which von Hindenburg w play. In 1918, with the Social I cratic revolution, von Hinde persuaded the Kaiser to abdicat escape to Holland. In 1925 he again out of retirement to accep call of the Fatherland to ser President. To be sure, many Democrats and Catholics, by votes he was elected to strength Weimar Republic, have repro him for later accepting Hitl Chancellor and thereby causin downfall of the republic which h sworn to uphold. But election shown that Hitler had by far th gest party in Germany and no political grouping had been al make the Weimar parliamentar tem function satisfactorily.

In one respect von Hindenbur fettered by boyhood memories, traditions and Junker associatio was steadily opposed to proposa dividing up the over-mortgaged Prussian Junker estates to p small farms for the German ployed. It was this opposition i which led to the fall of the Bru

von Papen and von Schleicher Cabinets and opened the way for Hitler on Jan. 30, 1933. After the Enabling Act of the following March, which set aside the Reichstag and greatly increased the powers of the Chancellor at the expense of the President, von Hindenburg's influence was reduced. He still had the devoted support of the Reichswehr, enjoyed the respect and love of the German people, and exercised some political influence through the Vice Chancellor, von Papen, to whom he was warmly attached. It is said that he was strongly opposed to Hitler's anti-Semitic measures and it is certain that he was greatly distressed by the conflict between the Nazis and the Protestants, on whose behalf he openly intervened. But with the decline of von Papen's influence in the Cabinet, the President's influence also declined.

A few hours before the President's death Hitler flew to Neudeck for a last interview. Returning to Berlin, at a Cabinet meeting on the night of Aug. 1 he decided that upon von Hindenburg's death the Chancellor should assume the functions of President, thus setting aside the constitutional provision that in case of a Presidential vacancy the office should be filled by the President of the Supreme Court at Leipzig until a new election could take place. This was perfectly "legal," since the action of the Reichstag last year authorized the Cabinet to make laws by decree. Since the new law did not deal with the "institution of the Reichstag and the Federal Council," it did not violate the provisions of the Enabling Act of March, 1933. Whether it was wise to place so much power in the hands of a single person is another question.

Though the Cabinet's decree allowed Hitler to assume the functions and powers of President of the Reich, the Chancellor refrained from taking the title. As he stated in an official letter to Minister of Interior Frick on Aug. 2, "the greatness of the deceased has given to the title of Reichspresident unique and non-recurring significance. * * * I therefore request that care be taken in all official and unofficial communications to address me as just heretofore, as *Fuehrer* and *Reichskanzler* [Leader and Chancellor]." Furthermore, "steeped in the conviction that all authority of the State must proceed from the people and be by them ratified in a free secret election," Hitler ordered that a plebiscite should be held on Aug. 19 to endorse this virtual merging of the offices of Chancellor and President.

Lest any objections be raised by the Reichswehr, which was devoted to President von Hindenburg and which represents the strongest single political force in Germany, Hitler instantly ordered that the army and navy should at once take an oath of loyalty to him. This was done. A new oath of loyalty was administered also to the Black Shirts (Schutzstaffel) but not to the Brown Shirts (Storm Troops); the latter, however, in restricted numbers, were again allowed to wear their uniforms after the month's enforced vacation during July.

The only important change in the Cabinet was the resignation of the Minister of Economics, Dr. Kurt Schmitt, because of illness. But it was a grievous loss to the government at a moment of increasing economic difficulties, as Schmitt had been one of the ablest and most moderate members of the Cabinet. Dr. Hjalmar Schacht was appointed to succeed him for a period of six months.

GERMANY AFTER THE "PURGE"

One of the striking developments in Germany since the purging process of

June 30 has been the growing influence and importance of Rudolf Hess, Hitler's Deputy Leader and second in command of the Nazi party. He probably has more weight with the Chancellor than either Goering or Goebbels, and is frequently spoken of as the most likely successor of von Papen as Vice Chancellor should the latter leave the Cabinet. He was put in charge of the housecleaning and reorganization in the party ranks after the destruction of the Roehm group. His acts and his statements since the Nazi revolution have stamped him as a moderate, as well as an absolutely loyal supporter of Hitler. He was given a place in the Cabinet as Minister without portfolio last December.

Rudolf Hess was born in Egypt thirty-eight years ago, the son of a German merchant. He was educated in Switzerland. He has been closely associated with Hitler ever since the two met on a French battlefield in the World War, fought by his side in the Munich beer cellar putsch of 1923 and went to jail with him at Landsberg after its failure. In 1925 he became Hitler's private secretary.

On July 8 Hess was selected to make the first important public official address after the execution of the Roehm group. This address at Koenigsburg, broadcast throughout the land, was a disappointment to those who expected some new statement of details about the Roehm "plot." Passing over this briefly and in general terms, his speech seemed rather to be a skillful attempt to divert attention by making an appeal to the French people, and especially to the French war veterans over the head of their government, to see to it that France kept the peace.

A week later the Reichstag was called together to hear Hitler' own account of his recent actions. He spoke for an hour and a half, evidently under strong emotion, in what was perhaps the greatest effort if his life, explaining how he had rid the Storm Troops of dangerous and disgraceful elements, and appealing fervently to his vast radio audience to believe that he had acted with sincerity for Germany's best good. He gave the official death total as seventy-seven, but did not reveal the names of all those put to death, and gave no convincing details or proofs about the origins and purposes of the plot which he had crushed. He added but little to what had been already known, as summarized in CURRENT HISTORY for August. Though his speech was received with the usual enthusiastic applause, it is doubtful whether it strengthened him with the German people. Abroad it was severely criticized; it was felt that though undoubtedly sincere personally, Hitler had completely failed to justify the terrible shedding of blood which had taken place and which was believed to have involved a much larger number of victims than the official figure.

In the latter part of his speech the Chancellor admitted that he was deeply concerned with Germany's economic situation. But he added, with his usual optimism, "if our trade balance, through economic barriers in foreign markets or through political boycott, becomes a passive one, we shall, through our own ability and thanks to the genius of our inventors and chemists, find ways of making ourselves independent of imports of those raw materials that we ourselves are in a position to manufacture or find substitutes for."

In spite of German inventiveness in discovering and enforcing the use of substitute products, as evidenced during the war-time blockade, economic difficulties undoubtedly form one of

Hitler's gravest problems. The adverse trade balance which had been growing worse since the beginning of the year showed at the end of July no marked signs of improvement. The gold reserve of the Reichsbank remained almost unchanged at the incredibly low figure of 2.1 per cent on Aug. 1.

The total trade balance deficit for the first half of this year was 216,000,000 marks (currently about $85,000,000), as compared with a surplus of 291,000,000 marks for the same period last year. The increasing shortage of raw materials resulting from this unfavorable foreign trade has hampered industry and thereby increased unemployment. On July 20 the Ministry of Economics was compelled to issue a decree reducing most of the textile industries to a thirty-six-hour week. Decrees were also issued forbidding certain other industries from expanding and subjecting them to numerous governmental restrictions.

In addition to the deficiency in raw materials for industry, Germany, like the rest of the world, suffered from severe drought during the Spring and early Summer. This cut the grain crops at least 20 per cent below those of last year, which were not particularly good, and the potato crop nearly 30 per cent. This means that unless people and cattle are to suffer severely or starve, Germany will have to import some foodstuffs during the coming Winter, after being tolerably self-sufficing in regard to food during recent years. But every mark's worth of food imported means just so much less imports of raw materials for industry. To prevent farmers from raising their prices against the urban consumers the government's price-fixing policy, originally applied to dairy products, was greatly extended during June and July. S. B. F.

Violent Interlude in Holland

Serious riots broke out in Amsterdam, the largest city in Holland, following the inauguration on July 1 of new and materially lower unemployment benefits. In the working-class quarter of Jordamm violent demonstrations occurred. Public offices were stoned and barricades were erected in the streets. Although a large force of police and soldiers was rushed to the scene, radical labor leaders were arrested and the Communist paper, *De Tribune,* was suppressed, order was not restored until July 9 after a dozen citizens had been killed and considerable looting had taken place. Attempted demonstrations in other cities and in the mining district of Heerlen were quickly choked off.

The disturbances had sharp repercussions upon Dutch political life. Even conservatives were reported as shocked at the radical departure from Dutch tradition involved in the shooting of misguided workers by police and troops. Although the government's supporters in the lower house of the States-General were able to prevent a formal interpellation by the Socialist minority on the episode, they could not shut off sarcastic references by many Deputies—particularly the Communists—upon the illegal suppression of the newspaper *De Tribune.* Many welfare groups, moreover, petitioned Premier Hendrik Colijn to restore the old rates of unemployment benefits, insisting that the dole paid since July 1 was insuf-

ficient to cover the bare necessities of life.

The Social Democratic Labor party, which has 22 of the 100 members of the lower house, and the powerful Federation of Trade Unions have renewed their fight against government economy in relief expenditures which began last Spring when the rates for emergency work in the Twente District were reduced. Spokesmen for these groups declared in the States-General and in the press that the 400,000 idle Dutch workers were not responsible for the depression. These unfortunates, it was maintained, were being sacrificed by the conservative government on the altar of economy in a vain effort to balance the budget. When government supporters replied that income and other taxes could not be raised above the existing high rates, their opponents demanded a moderate capital levy to enable the victims of the crisis to weather the storm without too much hardship. Meanwhile, responsible leaders of organized labor and of the Socialists had agreed in placing a large part of the blame for the fatal riots upon the handful of Communists who exploited the dissatisfaction of the masses and incited them to bloody but futile revolt.

Much of the difficulty over unemployment benefits arises from the complicated method of financing them. Under the scale of benefits that became effective on July 1, a married unemployed worker receives from 6 to 12 guilders a week, depending upon the size of the community in which he resides. (The guilder is worth about 68 cents.) By the recent cuts the government expects to reduce the total dole payments in the fiscal year 1934 from 75,500,000 to 46,000,000 guilders.

H. T. S.

Catalonia Drives for Land Reform

By WILLIAM E. LINGELBACH
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THE difficulties between Catalonia and Spain's national government in Madrid over the Catalan Land Act increased rather than abated during July. The law, now twice voted by the Catalan Generalitat, provides for the transfer, after a number of years of actual cultivation, of many small holdings to thousands of peasants, who will thus be lifted from the status of agricultural laborers or renters to that of small peasant proprietors. The measure is bitterly attacked by the landowners, who regard it as a dangerous invasion of their property rights. As they are strongly represented in the Cortes in Madrid, the Catalans claim that it was their influence which in large part led to the decision by the Tribunal of Constitutional Guarantees declaring the act unconstitutional and illegal.

From the strictly legal aspect the question is much more complicated than the verdict of the Tribunal might imply. By Article XI of the Catalan statute, which was accepted and endorsed by the Constitutional Cortes, exclusive legislative powers in matters pertaining to civil law are en-

trusted to the Generalitat of Catalonia. By Article XII the same exclusive power is granted in matters relating to social-agrarian policies and action. On the other hand the Spanish Constitution declares that national agrarian laws apply to Spain as a whole, that social legislation which affects contractual relations and any legislation which relates to the defense of the national wealth and the coordination of the national economy are reserved exclusively for the national government.

That the Tribunal of Constitutional Guarantees would favor the national claims as against those of State rights is only natural. The same holds true of Premier Samper's prompt endorsement of the decision of the court. But the Catalans claim that the breaking up of the great estates, which the law contemplates, is a vital part of the social and economic program which Catalonia is developing. The multiplication of peasant proprietors will, it is urged, provide a stabilizing yet progressive force in the national economy. Because of the strength of proprietary interests in the Cortes, however, Prime Minister Samper will have to act with great caution lest he alienate the support of the elements of the Right upon which his government depends.

During the adjournment of the Cortes he has been entrusted with full powers to deal with the matter. His first step was conciliatory and statesmanlike, urging the Catalan authorities to delay any enforcement of the act until further negotiations had failed. The Catalans, on the other hand, have shown less moderation, the utterances of President Companys being particularly defiant. Unfortunately, they reflect the deep-seated demand for more home rule, if not separation, an attitude of mind illustrated in the tumultuous court scene in Bar- celona when the editors of two sepa ratist newspapers were on trial. Wit nesses and defense lawyers insisted o using the Catalan language. When th judge refused to recognize it, th hearing ended in a wild uproar.

POLITICAL STRIFE IN SPAIN

Before adjourning for the Summe the Cortes voted the budget for th second half of the year. The part pro viding for an extensive program o public works to relieve unemploymen raised a storm of protest from the So cialists. The Right, led by Gil Robles urged its adoption with much vigo and enthusiasm, seeing in it not onl a means toward solving the problen of unemployment but of destroyin the basis of the appeal of the Social ists to the proletariat. (See the articl on Gil Robles on page 682 of this mag azine.)

Hopelessly outnumbered in the Cor tes, the Socialists are resorting to des perate measures. At the last session o the Cortes they precipitated an ope fist fight. Outside they are carryin on a vigorous propaganda agains what they called the "bourgeois op pressors of the poor"—Conservatives Catholics and big business. On Sun day, July 15, they staged a demon stration in commemoration of the cen tenary anniversary of Marturez de la Rosa's abolition of the Inquisition. An anti-Inquisition week was proclaimed and *El Liberal,* the journal of th Free Masons, urged all liberals and Republicans to unite in a great demon stration on the following Sunday against the reactionary policies of Ac ción Popular.

The arrest of a group of Fascists on the evening of July 10 again drew at tention to the dissatisfaction of a small group of young aristocrats with the dilatory tactics of the government

The leader, young Primo de Rivera, and his 24-year-old friend, the Marques de Eliseda, the youngest Deputy of the Cortes, were at once freed because of the immunity from arrest enjoyed by members of that body. Fifty others were, however, detained in jail for the night. Among them were Captain Julio Rinz de Alda, a popular young aviator, and José Maria Alfano, the editor of the Fascist weekly. A quantity of firearms and explosives was seized at Fascist headquarters.

ITALIAN FOREIGN RELATIONS

The tragic events in Vienna have obscured the development of commercial relations between Italy and Austria on the basis of the commercial treaty signed in May. (For an account of Italy's relations to the attempted Nazi coup in Austria see the articles by Allan Nevins and Sidney B. Fay elsewhere in this magazine.) During July the Austrian Minister of Commerce, attended by other members of the Vienna Cabinet and the heads of several important business houses, visited Trieste to study the facilities of the newly established free port for Austrian trade. At the same time the Italian Government promulgated a decree on July 16 restricting all commerce through the free port to Italian and Austrian ships. Mussolini's efforts to revive the one-time flourishing commerce between the Adriatic and the middle Danube area are well known. The establishment of free ports at Trieste and Fiume and recent negotiations with Czechoslovakia are all part of a wise and well conceived policy, from which Italy's merchant marine should profit.

An incident of minor importance between Italy and Albania arose during the month, when the Italian Adriatic fleet staged a naval demonstration off the port of Durazzo without previous official notification. The unheralded appearance of the fleet caused consternation in Albania till the Italian Government explained that the failure to notify the Albanian authorities was due to an oversight on the part of the Minister of Marine. Although of minor importance, the affair served to throw into relief the strained relations which have developed between the two countries since the Treaty of Tirana in 1925.

An important accord was reached between Italy, Great Britain and Egypt on July 20, delimiting the frontiers of Cyrenaica, Italy's colony in North Africa immediately adjoining Egypt. The agreement concludes the long negotiations which have exercised Italians ever since her allies in the peace negotiations at Paris failed to live up to the provisions of Article XIII of the Pact of London (1915). The matter, long the subject of many notes, was made more acute in 1931, when Italian forces occupied the oasis of Kufra and pushed southward in the Massif of El Anenat, where British patrols were also operating. The Italian press, in commenting on the successful settlement of territorial differences with Great Britain, hinted broadly that the time has come for France also to show a more reasonable attitude on similar questions in Africa.

THE DEPRESSION IN ITALY

Italy's fight against the economic depression continued during July with unabated self-discipline and determination. Rigorous economies in expenditure and a modest increase in revenues from the bachelor's tax made possible an improvement of 1,762,000,000 lire over the budgetary estimates for the fiscal year ended June 30. (The lira at current exchange is worth about 8.5 cents.) This, coupled with

an unexpected reduction of 400,000,000 lire in the budgetary deficit for 1934-35, served to create a spirit of hopefulness despite the serious difficulties in the national finances. Taxation, according to Mussolini's own statement, has reached the saturation point, and capital, worried over the prospect, is inclined to look abroad for investment.

To check this threatened export of money with its menace to the gold reserve—more than 500,000,000 lire having left Italy in five months—the government imposed severe restrictions. Foreign exchange transactions have been limited to those that are genuinely commercial. Banks are obliged to make periodical reports of the sums held to their credit abroad, and all foreign securities owned by Italians must be registered. In this way it is hoped not only to prevent the outflow of capital, but also to pave the way for the speedy mobilization of credit abroad which will obviate the necessity of making gold payments.

These and similar measures point only too clearly to the deep concern in Italian governing circles over the economic situation. The policy to depress prices in order to reduce the cost of production, thereby stimulating foreign buying, has, as yet, not been at all commensurate with the cut in salaries and wages. Moreover, much irritation and confusion has arisen in carrying out the regulations concerning prices. This has been caused partly by the inherent difficulties of the problem, and more particularly by the fact that several agencies were allowed to share in the work of supervising the enforcement of the price schedules. To correct this situation, and to bring about the necessary uniformity in the administration of price fixing and price control, the Fascist party has decided to assume entire responsibility.

Quite apart from the administrativ difficulties which dictated the decision, this move is in complete harmony with the recent policy of making the Fascist party more and mor the supervisor of the social and mora welfare of the nation. The same tendency to integrate its activities witl the national life appears in the incorporation of the Fascist volunteer militia as definite units in the nationa army. According to the *Milizia Fascista,* the official organ of the Fascis militia, the fusion has been completed Thirty-six battalions of Fascisti ar participating in the manoeuvres thi year, and the high command of th army has developed a plan whereby they will serve as light-armed shocl troops. The Fascist militia consists o 14,000 enlisted men and 39,000 reserves.

A step looking toward the furthe regimentation of labor, of both th manual and the white-collar class, wa taken recently by the Council of Ministers in the adoption of a plan for a booklet which is to contain in convenient form all the information now carried by the worker in a variety of documents, such as the record of technical and other training, salary and job history, sickness and accident records, together with union membership and Fascist party affiliations and activities. Without a booklet it will be impossible for the worker to obtain a job, for employers are forbidden to hire any person who does not possess one. The plan, which is expected to receive the approval of Parliament in the Autumn, will affect approximately 7,000,000 workers, although about 1,500,000 members of the categories mentioned in the project have not heretofore been organized or members of unions.

The Price of Yugoslav Dictatorship

By FREDERIC A. OGG
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IN Yugoslavia, before the present dictatorship, a main charge against parliamentary government and the régime of parties was that they fostered corruption and inefficiency. Dictatorship, it was argued, would at least guarantee honesty and capacity. Now it is perceived that authoritarian government does not necessarily have even this virtue to its credit. Not only has the dictatorial régime fortified itself by favoring public officials with high pay and fat perquisites in a period of national distress and of declining Treasury receipts, but graft and other forms of malfeasance have attained the proportions of a national scandal. Grave irregularities, extending even to Ministers, have robbed the régime of prestige at the point where it was supposed to be strongest, and have stirred popular rumblings which in recent weeks have prompted the government to turn, even though belatedly, to reform.

Ministers without portfolios have been dismissed; the Ministers of War and of Railroads have been replaced; the salaries of members of Parliament have been reduced by 20 per cent and the money saved devoted to employing additional school teachers; salaries of administrative officials have likewise been cut, and women officials whose husbands or fathers receive good pay or who have independent incomes are being dismissed from the service altogether. Whether a spasm of virtue that has had the further result of cleansing the public service of the known corrupt and incompetent will yield lasting results remains to be seen. In any event, one familiar abuse has gone untouched—the overloading of the public offices with Serbs to the exclusion of Croats and Slovenes.

Meanwhile there has come into existence—in only a small way as yet but in sufficient force to stir uneasiness in some quarters—a Fascist movement on Hitlerian lines. To be sure, Yugoslav mentality and economic conditions seem wholly unfavorable to such a movement. In the country, moreover, there is no "antiquated and futile democracy" to be attacked, but instead an authoritarian dictatorship whose methods have been almost as rigorous as those of fascism itself. Nevertheless, meetings have been held; propaganda has been launched, and appeals to dissatisfied groups, including the discontented nationalities, have been formulated.

According to a correspondent of *The New York Times* at least four elements are furnishing support though they have not yet been won over completely, and are not as yet acting together. One is the famous pre-war nationalist association, Narodna Odbrana. A second is certain associations of former Komitadjis whose leader, Kosta Petchanats, is apparently looked to as the Yugoslav Hitler. A third is the Yugoslav Action Youth Organization, a nationalist society formed to further King Alexander's unification plans. The fourth

is a new, frankly Fascist movement in process of organization by certain Deputies and officials who have adopted the slogan "Dictatorship, yes; but now with fascism."

As early as mid-June, the government denounced with apparent sincerity these Fascist organizations which "under the guise of patriotism are opposing the real interests of the State." There is, nevertheless, serious question as to whether King Alexander is not secretly aiding and abetting the movement. The dictatorial régime has not been notably successful, and in the opinion of many has reached a stalemate from which it can be rescued only by a turn of events in some new direction. As indicated above, it has been discredited by lax conditions and practices for which it is rightly held responsible. Towering above all other objectives in the King's mind is the unification of the races, still as far as ever from realization.

In the circumstances, then, why not try some new scheme? And what scheme is more likely to press itself upon a harassed present-day Continental politician-administrator than fascism? Leaders of the cause are known to have had frequent interviews with the monarch; and it is considered significant that, notwithstanding the June pronouncement, no police or other official efforts at repression have been put forth.

DR. BENES LOOKS AT EUROPE

In a notable speech in the Czechoslovak Parliament on July 2, Dr. Benes, Minister of Foreign Affairs, dwelt upon the gravity of the international situation at a moment when Europe is standing, as it were, at the crossways. High points in the address were (1) that the declaration of Great Britain, France and Italy on Feb. 18 in behalf of Austrian independence has certainly postponed and permanently lessened the menace of *Anschluss;* (2) that the Balkan pact of Feb. 9, putting into practice the principle of "the Balkans for the Balkan nations," will contribute as much to the stabilization of conditions in its area as has the Little Entente in Central Europe; (3) that the return of Russia to the field of European politics is likely to facilitate the development of genuine equilibrium among the great powers; and (4) that the establishment of an Eastern European pact, now on the horizon, would be an important further guarantee of peace. After Dr. Benes argued for continuation of Czechoslovak foreign policy on unchanged lines it was fully endorsed not only by the seven parties regularly supporting the government but by nearly all Opposition elements except the Communists.

CZECHOSLOVAK DEMOCRACY

The session of the Czechoslovak Parliament which came to a close early in July saw two major statutes enacted which, for widely differing reasons, are of unusual interest. The first was an "enabling act" prolonging and somewhat broadening a similar act of some months earlier wherein the government was given certain powers of dealing with the economic situation without previous consultation of the Chambers. The significance of the measure lies not, of course, in the mere apparent relaxation of parliamentary control, but in the emphasis which it places upon the purely tentative character of all steps taken until they shall have been confirmed by Parliament, and in the extreme caution with which, in a country surrounded with dictatorships, arrangements having even the appearance of being anti-parliamentary are written into law.

The second measure was a press law giving further comfort to friends of representative government by providing for the suspension of newspapers wilfully and persistently attacking the republican form of government and the existing Czechoslovak democratic régime. Perhaps even more interesting, however, are sections of the statute which require newspapers to curtail their reports of murders and other sensational crimes and—more astonishing still—to place them in certain prescribed and inconspicuous locations in their pages. Publication of advertisements likely to offend public sentiment or morality is also strictly forbidden.

ALBANIAN-ITALIAN TENSION

The First Italian Fleet, commanded by Admiral Cantu and consisting of six cruisers and thirteen other vessels, suddenly appeared in the Albanian harbor of Durazzo, near Tirana, on the morning of June 23. No notice of the visit had been given and the customary salute was not fired. Moreover, on the following day the admiral announced his intention of landing troops.

At Tirana the occurrence caused a sensation. King Zog called the Cabinet together to discuss plans for possible action; military forces in the vicinity of Durazzo were quickly mobilized; while Foreign Minister Gila summoned the Italian Minister, expressed surprise at what had happened, and asked that the fleet be withdrawn before further damage was done to the already strained relations between the two countries. Insisting that the visit was merely one of courtesy, and that the usual notice had not been given because the Italian Minister himself had learned of the fleet's coming only after its arrival, the Italians nevertheless refused to give up the plan to land troops, though finally agreeing to land them unarmed. Though most of the ships left after twenty hours, the last of them remained in the harbor until the night of July 1.

The motives behind the demonstration seem to have been two. On the one hand, it appears to have been a sudden and bold gesture designed by Premier Mussolini's government to counteract the effects of the recent visit of the French Foreign Minister, M. Barthou, to the Balkans, and especially his flattering reception at Belgrade. On the other hand, it was pretty clearly designed as a protest and warning against growing anti-Italian tendencies in Albanian politics and administration.

It will be recalled (1) that when the Conference of Ambassadors recognized the independence of Albania in 1921 Italy was authorized to intervene in case such status were ever threatened; (2) that an Italo-Albanian treaty of 1926 guaranteed the "political, legal and territorial status quo" of Albania, but expired in 1931 and has not been renewed despite Italian pressure, and (3) that the two countries are nevertheless bound together by a twenty-year treaty of alliance concluded in 1927.

Within this treaty framework plenty of friction has developed. Leaning toward Yugoslavia, King Zog has grown steadily cooler toward his Italian allies; nationalist sentiment impels a large part of the population to resent everything that bears the appearance of Italian domination; the Italians are suspected of all manner of designs, among them the purpose some day to seize Durazzo because of its strategic location at the entrance to the Adriatic. In December, 1932, the Tirana government flatly rejected an Italian proposal for a customs union between the two countries.

More recently Albania has refused to accept proffered Italian credits, even though the only alternative was to cut the pay of the civil servants and of the army to a level producing restiveness. On the ground, indeed, that under pressure from Rome earlier Italian loans were employed not for the general development of the country but for strategic roads, military harbors and other military purposes, interest on the loans has been allowed to fall into arrears—though lack of funds is probably an additional reason. Further trouble has been caused by the closing of Italian schools in Albanian towns, and by the dismissal of Italian military instructors, followed by Rome's demand that they be reinstated.

Altogether, the situation bristles with difficulties, especially as King Zog not only is instinctively anti-Italian but is under nationalist pressure which would endanger his throne if he were to be more conciliatory.

POLISH FOREIGN POLICY

On June 15 there took place in Warsaw the exchange of ratifications of the protocol signed at Moscow on May 5 prolonging until the end of 1945 the non-aggression pact of 1932 between Poland and the Soviet Union. Further evidence of Poland's desire to improve and consolidate her relations on the east and northeast is supplied by numerous recent visits of the country's political leaders to Kaunas, the capital of Lithuania, and particularly by an official trip of Foreign Minister Beck during the last week of July to Estonia and Latvia. Relations with Estonia have been excellent; with Latvia, otherwise; but there is no doubt that M. Beck hopes to win over these republics, as well as all other Baltic States, to his idea of restricted regional agreements.

In a different direction the Warsaw government on June 27 opened negotiations for a revision of the country's commercial treaty of 1923 with Great Britain, a treaty based exclusively on the most-favored-nation principle and containing no tariff schedule. Notwithstanding tendencies favoring imports into Britain from the overseas Dominions, Polish agricultural products have gained a decided foothold in the British market, which it is believed some modifications of the existing treaty will further strengthen.

A Presidential decree of July 7 abolishing the "gold dollar" clause in foreign currency regulations dislodged the American dollar from its position as a sort of second national currency in Poland. Because of lack of confidence in some quarters in the Polish zloty, most contracts call for payments in gold dollars, which indeed for more than a decade have played an important part in Polish commercial life. The purpose of the decree was to establish the zloty as the country's actual, as well as nominal, currency.

BULGARIA'S WEAK CABINET

Since its accession to power on May 19 the Gueorguiev dictatorship in Bulgaria has been moving in the direction of restoring long-interrupted relations with Russia, and on July 23 the Foreign Office at Sofia announced that it had sent a telegram to Soviet Foreign Minister Litvinov accepting such relations, both diplomatic and economic. It was announced, too, that on the previous day representatives of the two governments, meeting at Istanbul, had signed a protocol reciprocally pledging the two not to interfere in each other's internal affairs, and carrying also a clause in which Moscow abandoned its claims

to the Russian Orthodox churches in Bulgaria.

Apart from this development the dictatorship has effected no noteworthy change in the country's foreign policies, unless possibly some improvement in relations with Yugoslavia, which has long been a professed objective of the Zveno political circle from which most members of the present Bulgarian Cabinet are drawn.

In general, the position of the dictatorial régime is weak. The king had no part in planning it, his power has been lessened by it, and he is at least lukewarm toward it. Discipline in the army has been impaired by it. No major political party or group supports it — neither the largest party of all, the Agrarians, nor Professor Tsankov's National Social movement, nor the Socialists, nor the Communists, nor yet the Democrats or Radicals. The generals who engineered it are still in the saddle, and the opposition forces disunited. But of all present-day European dictatorships, that in Bulgaria is probably the least secure.

How successful the new government has been in its oft-reiterated purpose to rid the country of Macedonian revolutionary lawlessness is problematical. On July 4 the Protogerovist organization issued a proclamation announcing its voluntary dissolution; many leaders of the more important Mikhailovist faction have been imprisoned; and, on July 12, in his first public speech since the coup, Premier Gueorguiev reported impressively on the quantities of rifles, machine guns, hand-grenades, and other weapons seized in the campaign to disarm adherents and suspects. Mikhailov himself, however, is still in hiding with a price on his head.

People who know something of Macedonian affairs in the past hundred years doubt whether even a Bulgarian Fascist régime can stamp out a movement which successfully defied Turkish, Greek and Serb repression. The doubt is confirmed by the reported reappearance, late in July, of the stealthily printed and circulated organ of the I. M. R. O., with articles ridiculing the government's efforts and predicting their ultimate failure.

HUNGARY'S DISAPPOINTMENTS

For dismembered and depressed Hungary, disappointment follows disappointment, leaving her ever more uncertain as to the course which she should pursue. Three particular disappointments have of late elicited strong comment. Two are of fifteen years standing, yet ever new: (1) The failure of the nations to fulfill the promises of general disarmament made in the Treaty of Trianon whereby Hungary was herself disarmed—a failure freshly deplored some weeks ago by General Tanczos, speaking as Hungarian representative before the general commission of the Disarmament Conference at Geneva, and (2) the failure of the League to initiate a program of treaty revision under which Hungary might hope to regain at least some portion of her lost territory and population. Hope that this second matter would receive attention at Hitler's meeting with Mussolini was dashed when it appeared that in the entire course of the discussions the peace treaties were not even mentioned nor Hungary referred to.

A third disappointment, more temporary but none the less keenly felt, arises from the fact that whereas under the Italo-Austro-Hungarian economic agreements made at Rome during the Spring, Hungary was to find an outlet in Italy for a large part of her grain, the Summer's drought has so reduced the harvest that there will

be less than half as much grain to export as in previous years—while, to the disgust of Hungarian industrialists, the products of Italian industry have already begun to flow actively into the Hungarian market. Even though in this case it is nature that has intervened to frustrate expectations, the public mind is none the less agitated, and with the lack of logic often encountered in such situations, the government is being blamed for sacrificing the economic interests of the country.

RUSSO-RUMANIAN RELATIONS

Speaking before a joint committee of the Rumanian House and Senate on July 5, Foreign Minister Titulescu made a detailed explanation and defense of Rumania's recent resumption of diplomatic relations with the Soviet Union. With the exception of Professor Cuza, chief of the Christian League, who declared that he would have preferred a "status quo," and George Bratianu, chief of the dissident Liberal group, who made certain reservations, especially as to Soviet propaganda, all party leaders indicated their approval.

The price exacted by King Carol and the generals for their assent was a modernization of the Rumanian Army, and on the day of M. Titulescu's speech, the Supreme War Council, presided over by the King, decided to send to Paris a special military delegation to negotiate for the purchase of equipment of French manufacture. Entrusted with the financial side of the transaction, M. Titulescu was expected to go soon to the French capital to discuss the matter.

Not even the adoption of resolutions declaring against revision of the peace treaties availed to save German Nazi organizations in the country from dissolution on July 4 by government decree, and along with them the well-known Cultural Association with a camouflaged Nazi background.

Sweden Adopts a Dole System

By RALPH THOMPSON

ALTHOUGH the Social Democratic government of Sweden in recent months has met with effective opposition from the Right, it has accomplished a few of its aims. A nationwide planned economy has been urged by Premier Hansson and his supporters as a logical step forward, as a natural transition from private enterprise to social control. But the Opposition have chosen to listen rather to such spokesmen as Dr. Gustav Cassel, who recently declared that capitalism had worked miracles in the existing crisis, and their strength is such that the Hansson government may be eventually forced from office.

In the meantime, however, there have been some successes for the government. A notable victory was gained in May when the Social Democratic Unemployment Insurance Bill was accepted by the Riksdag. Debated for years in one form or another, this measure had been passed by the Lower Chamber in 1933, only to fail in the Upper. But when presented once again, slightly amended, the bill passed the Upper Chamber by a vote of 68 to 58, and four days later, on

May 30, it was accepted by the Lower Chamber by 102 votes to 82.

By paying weekly instalments for two years to the insurance fund, some 700,000 Swedish workers will be entitled to unemployment support for twenty weeks, the amount received by each worker varying with the sum contributed. When fully organized, the fund will total about 36,000,000 kronor (currently $17,000,000), of which the insured will supply 21,000,000 kronor and the government the remainder. Some 300,000 Swedish workers are already insured against unemployment through trade union schemes, which under the new system will be augmented with government funds and supervised by the State.

The unemployment benefit plans of the Swedish trade unions took form some fifty years ago, and became gradually more systematic and general. In some unions insurance automatically went with membership; in others separate unemployment societies were organized. The total insurance paid annually by the workers' groups amounted to many million kronor, and this, coupled with State and municipal benefits, has served to keep many Swedish trade-union members fairly certain of at least a necessary minimum during periods of unemployment. But, as Dr. C. J. Ratzlaff has pointed out in his recently published study of Scandinavian unemployment relief programs, the lack of adequate reserves and the large number of workers unaffected by trade union schemes made highly desirable an all-inclusive system of insurance subsidized by the State.

NORWAY'S CABINET SURVIVES

When the elections to the Norwegian Parliament last October increased the Labor representation from 47 to 69—within six seats of an absolute majority—the tenure of the government headed by Premier J. L. Mowinckel became extremely insecure. If a coalition between Labor and the Agrarian party could have produced a program which the government in all probability would not accept, Norway might have had her second Labor government, the first having lasted three weeks early in 1928. But when the Storting met in January, 1934, the anti-Socialist majority firmly resolved against the changes in the political system that a Labor government would try to bring about. Upon the primary problem of relief to Norwegian farmers the three non-Labor parties came to an agreement which cut the ground from under Labor's appeal for Agrarian cooperation, and when the Storting adjourned early in the Summer the immediate future of the Mowinckel Cabinet was secure.

Norway's economic position has been improved, and this fact was no doubt effective in stemming the trend toward Labor control. Foreign and domestic trade generally has prospered, although the important whaling industry still suffers from a contracted market; State finances for the first three months of 1934 showed an excess of 11,000,000 kroner instead of the deficit of 21,000,000 kroner incurred during the corresponding period in 1933; and unemployment for May and June, 1934, showed a decrease from the figures for those months in 1933—the first decrease of the kind since 1930.

BALTIC TRADE WITH BRITAIN

Great Britain's plan to secure and maintain friendly relations with Estonia, Latvia and Lithuania was notably advanced during July by the completion of new trade treaties with each of the Baltic States. The first, affecting Lithuania, was signed on July 6,

that with Estonia on July 11 and that with Latvia on July 20. The second and third will remain in force until Dec. 31, 1936, after which they may be denounced at six months' notice. That with Lithuania may be terminated upon three months' notice if within any one period of a year certain provisions are not observed.

To the Baltic States themselves the new treaties appear on the whole to offer little beyond a preservation of the status quo. Lithuanian bacon, hams and eggs are to be admitted without quotas to the United Kingdom, except in so far as regulation may be necessary for the marketing of similar domestic products. Estonia is granted most-favored-nation treatment, particularly in regard to agricultural products, as well as a few minor concessions on manufactured goods. Latvia also obtains most-favored-nation treatment, particularly for agricultural produce, and consolidation of the British duties now in force on cranberries, gypsum and match splints.

On the other hand, the new treaties provide that British mines will furnish 70 per cent of all coal imported into Latvia, 80 per cent of that entering Lithuania and 85 per cent of that entering Estonia. Reductions in the duty on British textiles have been granted by each of the three States, and special concessions in regard to motor cars, metal ware, cement, coke, coal, salted herring and other British products are promised by one or the other of the countries. Furthermore, the Baltic governments undertake to promote British shipping services in their respective trades and to encourage by all means at their disposal the importation of goods produced or manufactured in the United Kingdom.

Thus another series of links has been forged in the chain which binds Northern Europe to Great Britain. The increasing importance of the United Kingdom in the trade of the Scandinavian and Baltic countries—discussed at length in this magazine for June, 1934—has been largely at the expense of Germany.

Reforming the Soviet State

By EDGAR S. FURNISS
Dean of the Graduate School, Yale University

THE structure of the Soviet State is being modified. The changes mark the end of one phase of Soviet development and the beginning of another, since they involve the dissolution of many semi-independent organs of dictatorship which typified the revolutionary era, and the incorporation of all agencies of authority within the regularly constituted structure of civil government. At first sight the changes appear to be merely a series of reorganizations in the interests of efficiency and economy. When viewed as a whole, however, the movement takes on deeper significance.

One aspect of the program was summarized in the decree of March 15 which ordered the abolition of all Collegiums attached to the various commissariats. The Central Executive Committee is proceeding through a series of decrees to give effect to this

general order in different branches of the government.

The political development is well illustrated by the recent decrees. The first of these, published on June 20, abolished the Revolutionary Military Council and created a new Department of Defense to absorb the functions of the Commissariat of War. The change did not affect the position of the individuals formerly in chief control of military affairs. General Voroshilov remains as head of the new department with Gamarnik and Tukhachevsky as his deputies. The Revolutionary Military Council will be replaced by a new advisory Council of War. Thus the Soviet military establishment has been incorporated in a department of government similar in structure and function to the war offices of older States.

A more important, though similar, development is embodied in a series of decrees of July 10 which abolished the secret police organization—the notorious Ogpu—and remodeled the judicial system of the country. This change had been foreshadowed by official statements in the press over a period of several months. The abolition of the Ogpu was not a matter to be undertaken lightly. In the twelve years of its history it had developed into an institution which in power and authority rivaled the State itself.

The espionage activities and the power of summary justice were the aspects of the secret police organization best known to foreign students of Russian affairs. But the powers of the Ogpu during its later years were much broader and more important to the social life of the country than are indicated by its police activities. As an outgrowth of its powers to exile and imprison, especially after it was used by Stalin to liquidate some 5,000,000 kulaks who opposed collectivization, the Ogpu had undertaken to administer vast armies of forced labor in various parts of the country, directing the construction of roads, the digging of canals, the mining of ores, the production of timber and many other large-scale enterprises. The Ogpu's police and secret intelligence service alone comprised an independent army of over 100,000 men. When economic activities were assumed by the Ogpu, a vast administrative organization was created which entered into business contracts with other Soviet institutions and took an active part in the economic development of the country.

The decrees disbanding the Ogpu create a new department of government—the Commissariat of Internal Affairs—to perform the functions formerly in the hands of the secret police, including the direction and control of all forms of investigation, the management of the labor camps and the handling of exiles. Whether the change involves any substantial increase in popular rights and immunities is open to question, since the new commissariat may well perpetuate under different names the dictatorial and high-handed methods of the Ogpu. The selection of H. G. Yagoda as head of the commissariat supports this inference. Yagoda has been a high official of the secret police since its organization. During the early days of the revolution he held a post on the praesidium of the Cheka and served as Menzhinsky's deputy when that body was transformed into the Ogpu. He has been given credit for initiating many of the recent activities of the Ogpu, and since Menzhinsky's death has acted as head of the organization. Presumably, the change in his title will not materially affect his attitude toward those who oppose the dictatorship.

The new organization, moreover,

provides for extraordinary tribunals with great power over individuals. It is true that the decrees of July 10 do not provide for the replacement of the collegium of the Ogpu, the organ which formerly tried and punished individuals accused by the secret police, and that they oblige the Commissariat of Internal Affairs to bring its accusations in ordinary cases before the regularly constituted courts of justice, where trial is assured "in accordance with established law." Nevertheless, the commissariat has power through a special branch of its own organization to issue administrative decrees condemning individuals to exile or to imprisonment in labor camps for a maximum term of five years. In addition, military tribunals have been created to assume jurisdiction over certain cases of espionage and counter-revolution.

On the other hand, the subordination of the Ogpu—formerly a State within the State—to the legal structure of government is obviously a step toward orderly exercise of political authority. Furthermore, the new decrees contain a noteworthy provision according the individual for the first time a right of appeal from the verdict of all courts and tribunals. A special Court of Appeal has been created with the duty of safeguarding civil rights under the regular law of the land and with power to reverse the decisions even of the Supreme Court of the Union. Comment in the inspired Soviet press upon the passing of the Ogpu is to the effect that the period of terror is now officially ended, and that the security which the government now feels permits the nation's rulers to dispense with violent methods of suppression.

This feeling of security may be tested before the year is out by the reaction of the peasants to the adverse conditions of the current harvest. Tl government has again shown uneas ness over the situation in the princ pal grain regions. A decree of July ended the private sale of grain ar bread which had been permitted fo some time, the ban to remain unt the completion of the collection pr gram on Dec. 1. This was followed b a series of resolutions of the Cer tral Executive Committee condemnir "anti-State tendencies" on the pa of the peasantry and threatening ho tile class elements with severe punisl ment if they continue to interfe with grain deliveries. The Soviet pres has reported instances of summar action against individuals throughou the drought-afflicted areas who hav been remiss in observing the regul tions governing the harvest. The to of public discussion indicates th these instances reflect fairly wid spread unrest.

Sufficient information is not avai able to provide an accurate estimat of the coming harvest. Alarmist pr dictions of famine on a wide sca have been broadcast by the Intern tional Aid Committee for the Starv tion Districts in Soviet Russia fro its headquarters in Vienna. A repr sentative of this committee is now i the United States attempting to a range for a transfer of stores of grai from all countries with grain su pluses to the Soviet Government fo distribution among the collectives.

While these extreme views of th situation can be dismissed as fa tastic, it is also clear that the Sovi estimate of a crop as large as la year's is an exaggeration. Imparti observers on the ground believe th the harvest of cereal grains will n exceed 70 per cent of the yield 1933. Yet last year's record harvest 90,000,000 metric tons did not suffi to feed the people of the country i

anything like an adequate manner or even prevent outright starvation in certain localities. With the prospect of a smaller crop as the result of adverse weather conditions last Winter and Spring, the government can avoid grave trouble only by adopting every available means to prevent waste in harvesting and by compelling the peasants to discharge grain requisitions to the full.

All who have followed the development of Soviet policy during recent years have been impressed by the readiness with which Communist principles have been discarded or modified to meet practical necessities. The student of Russian affairs would be at a loss at the present moment to interpret either the policy or the organization of the State in terms of any coherent body of social theory. The changing structure of government is a case in point. The industrialization program provides many other examples.

July 1 marked the end of the first year and a half of the present Five-Year Plan. Soviet officials in all branches of the economic system produced statistics to measure progress against the control figures. The result in general is favorable. Some important sections of industry are running ahead of schedule. This is true of the heavy industries as a whole, which are reported as producing 28 per cent above the corresponding period of 1933, although the plan called for an increase of only 23 per cent. Gold mining, which is 15 per cent over last year, is one of the notably successful industries. Iron output has at last equaled the schedule set for it. Though the general program for the year is not quite 50 per cent complete, lagging industries are gathering momentum and promising a much more rapid pace of production during the second half of the present year.

Though this really remarkable achievement need not be belittled, it cannot correctly be called, as was done by the official newspaper *Pravda*, "a victory of socialism." Soviet industry, after all, relies for greater efficiency upon essentially capitalistic methods, for management exercises autocratic powers over labor and bears clear responsibility for results, and the wage system is designed to stimulate labor efficiency through an appeal to individual self-interest. Yet such methods are habitually condemned as vicious, not only by the Bolsheviks but by milder critics of the capitalist system. The managerial function in earlier Soviet practice was distributed among three coordinate authorities—the technician, the secretary of the local Communist unit and the chairman of the trade union. The wage system, in accordance with Communist theory, provided for substantial equality among the workers, regardless of merit. That these principles of industrial organization have been discarded for the sake of efficiency shows the practical good sense of the Stalin régime, but the system as it is developing is certainly not Socialist in any strict sense of the term.

The bearing of these changes on international communism is an interesting question. The relation of Russia to this world movement will be tested when the congress of the Third International presently assembles in Moscow. It is significant that the executive committee of the Comintern has not ventured to call the congress into session since 1928, before the beginning of the Five-Year Plan era in the Union.

Many Communist leaders in other countries declare that the com-

promises of principle and shifts of policy which characterize Stalin's rule in Russia have disqualified that country to serve any longer as the governor and exemplar of the movement. Leon Trotsky has established a competing Fourth International which claims an increasing number of adherents in France, the United States, Holland and Spain. Louis Fischer, a close and sympathetic student of the Russian experiment, stated in a recent article that "the Comintern is a dismal failure." National branches of the party all over the world are splitting into hostile factions over the issue whether the Kremlin is worthy of further allegiance.

Although the agenda for the Congress, which was approved in June by the executive committee in Moscow, will not be made public until it is presented as a series of resolutions to the Congress, enough is known of its terms to indicate that it will contrast sharply with the militant program of world revolution adopted at the 1928 session. The Soviet rulers definitely turned their backs on this creed of international class war when they embarked on the program of importing industrialism from the capitalistic world. The diplomatic developments of the past year, which have bound the Soviet Union to support the political and economic stability of other nations, are but a logical outgrowth of this domestic program. The agenda of the Congress, reflecting these recent developments, will restrain the international movement so far as it can be controlled by the Kremlin. The older group of fire-eaters who sounded the call to world revolt will be missing. Zinoviev and Bukharin, former leaders, have been forced out of office because they would not accept Stalin's revision of the Communist creed. Manuilsky, a subservient agent of the Kremlin, is now acting head of the Comintern and will stage-manage the Congress.

Turkey in an Anxious Mood

By Robert L. Baker

Turkey's persistent and somewhat blind fear of foreign invasion seems to have been to blame for three recent outrages of the kind that were common in the days of the Ottoman Empire, but which are hardly expected under the better disciplined Kemalist republic. These, briefly, were the shooting of two British naval officers who ventured into Turkish waters opposite the island of Samos in a small boat on July 14; an attack by Turkish soldiers upon two Americans, Professor and Mrs. R. C. Borden, on July 15; and an anti-Semitic campaign of serious proportions in Eastern Thrace and along the Dardanelles during the latter part of June and the first week of July.

A plausible explanation of these events has been advanced by the London *Daily Telegraph*. Turkey, it states, is suffering from an attack of nervousness due to a "wholly unfounded fear of a surprise landing by Italians at some point on the Turkish coast. This obsession became acute with Mussolini's recent declaration that

Italy's future lay in Asia and Africa." The Italian Foreign Office and Premier Mussolini himself denied that Italy entertained any hostile intentions toward Turkey, but the latter remains uneasy. Turks cannot forget that Italy fully expected to receive part of Anatolia as spoils from the allied victory, nor that the Dodecanese Islands just off the Turkish coast are held by Italy, and would serve as a fine base for an attack on the mainland. And Turkish nervousness would explain why all foreigners in the supposedly threatened districts are suspected of being spies.

As to the anti-Semitic campaign in Eastern Thrace and along the Straits, the responsibility lies more directly with Ankara. Immediately after Mussolini's declaration which increased Turkish fears, the Turkish Government enlarged its military budget and pressed more energetically than ever its demand at Geneva for permission to refortify Eastern Thrace and the Straits. It also determined to redistribute the population so that the districts most likely to be the scene of action in case of war would be entirely Turkish, so as to prevent espionage and sabotage on the part of a doubtfully patriotic mixed population. According to this plan the country was divided into three zones. In the first, the population of wholly Turkish education was to be increased, Central Anatolia being an example; in the second, inhabitants most suited to assimilate Turkish culture were to be settled; in the third, which included Eastern Thrace and the Dardanelles, the inhabitants whose culture was not purely Turkish were to be removed.

The zoning scheme was published in the Official Gazette on July 2, but had apparently been made known beforehand to officials in the vilayets. Orders to carry out the zoning scheme were issued in haste, as has happened before in the case of Turkish reforms, and without a thorough study of their consequences. The result was that in Adrianople, Kirk-Kilissa and on Gallipoli, officials notified the Jewish inhabitants that they must leave, in some cases within forty-eight hours. Soon thousands of Jewish refugees were pouring into Istanbul almost empty-handed, and others fled across the Greek and Bulgarian frontiers. Some Jews were beaten, but there was apparently no bloodshed.

The Turkish Government, finding that it had made a mistake, sought to correct it by methods much the same as those used by the Sultans a century or so ago—by punishing the officials who had, perhaps overzealously, carried out its own orders. Steps were also taken, however, to curb anti-Semitism, to secure the return of property to the refugees and to encourage them to return to their homes by assuring them of protection. Only a few have thus far taken advantage of the offer.

The Turkish Foreign Office was at first inclined to regard the shooting of the two British officers as merely a "regrettable incident," for which the Turkish coast patrol was not responsible. Downing Street and the British Admiralty, however, did not see the affair in that light, and requested a joint inquiry. This was called a "most unusual procedure" by Turkish authorities in Istanbul, but on July 18, the day after twelve British warships arrived off Istanbul to emphasize the importance of the request, Turkey agreed.

JUSTICE IN PALESTINE

Palestine's sensational Arlosoroff murder case, which for more than a year has intensified the feud between

the Revisionist and Labor parties within the Zionist movement, entered a new stage on July 20, when the Palestine Court of Appeal reversed the verdict of the Assize Court in convicting Abraham Stavsky, youthful Revisionist, of the murder of the brilliant Zionist Labor leader, Dr. Chaim Arlosoroff, on June 18, 1933.

In the belief that the verdict would be upheld, a world-wide campaign among Zionists of all parties was already under way to carry the case to the British Privy Council, and Vladimir Jabotinsky, head of the Zionist Revisionist party, had temporarily removed his headquarters to London, the better to supervise this campaign. And as Stavsky is a Polish citizen, Jewish leaders in Poland had brought such pressure to bear on the Polish Government that it promised to appoint a Polish attorney to aid in Stavsky's defense and to instruct the Polish Ambassador in London to do everything possible for the apparently doomed man.

In Palestine, however, the Court of Appeal, composed of three British judges, unanimously overrode the verdict of the trial court on the ground that under Palestine law the testimony of one witness was insufficient to convict a person of murder, and that the evidence corroborating Mrs. Arlosoroff, who identified Stavsky as one of the murderers, was inadequate.

Two facts, especially, lent a curious aspect to the case against Stavsky. The widow of the murdered man, on whose testimony the case for the prosecution chiefly rested, declared immediately after the crime that Arlosoroff's two assailants were Arabs. Later she said that one was an Arab and the other a Jew. Finally, she affirmed that both were Jews and that one of them was Stavsky. As the crime was committed in semi-darkness, identification was naturally difficult an made corroborative evidence partici larly necessary.

Equally confusing is the fact tha an Arab youth, Abdul Medjid, con fessed to the murder shortly after i was committed, only to repudiate hi confession later. On the eve of the review of the case by the Court of Appeal, Medjid again confessed the crime, signing an affidavit that he had been aided by another Arab. The confession was immediately submitted to the authorities, but the High Court refused to consider new evidence. The Palestine police place no reliance on the confession, holding that Medjid is insane, and are, in fact, confining him in an asylum.

As the police refuse to prosecute Medjid, and as Stavsky is free, the Arlosoroff case has reached an impasse. More than a year has passed since the murder took place, and new evidence will be very hard to unearth. Barring a trustworthy confession, it would not be surprising if the culprit were never brought to account. Meanwhile, Stavsky's acquittal may serve in some measure to allay the bitterness that has existed between the Zionist factions in Palestine.

Palestine Revisionists figured in another recent trial. Four members of the party, including Aba Achimeier, who was acquitted of complicity in the Arlosoroff murder, were found guilty of attempting to achieve their political ends by violence and illegal methods. Achimeier was sentenced to twenty-one months at hard labor, and Chaim Dviri to fifteen months. The other two received terms of nine and three months of ordinary imprisonment.

In view of the severity of the sentences meted out to these Zionist Revisionists, none of whom was charged with violent acts, there appear to be

some grounds for the complaint of Jewish leaders that British justice in Palestine is favorable to Arab political offenders. Thus the Jerusalem District Court on July 3, while denying the appeal of the eighteen Arab leaders convicted of taking part in the rioting at Jaffa on Oct. 27, 1933, gave them the option of release instead of imprisonment if they signed good behavior bonds of approximately $500 each, lawful political activity being permitted them. All but one of the eighteen signed the bonds.

BRAZIL BARS ASSYRIANS

At the final session of the League of Nations Council on June 8 a committee which had been trying for more than a year to find a new home for the Assyrian minority of Iraq reported the complete failure of its efforts. The committee, headed by Señor de Madariaga, had approved a district in the State of Parana in Brazil for the resettlement of the sect. The Brazilian Government had at first encouraged the project, but public opinion in Brazil grew so strong against large-scale immigration that early in June a law was passed that eliminates the possibility of transferring the Assyrians to that country.

ANGLO-YEMEN TREATY

The British Government published on June 28 a treaty of friendship between Great Britain and the Southwest Arabian kingdom of the Yemen, which, after being under negotiation for several years, was signed at Sana, the Yemenite capital, on Feb. 11, 1934. Though vague in its terms, the treaty paves the way for more specific agreements in the future. It thus provides for negotiations looking toward a delimitation of the frontier between the Yemen and the British protectorate of Aden, for many years the principal source of difficulty between the two countries. Until a settlement is reached the two parties pledge themselves to maintain the status quo. The treaty calls for the immediate negotiation of commercial and economic agreements, each signatory meanwhile promising most-favored-nation treatment to the subjects and vessels of the other.

ITALY AND ABYSSINIA

What goes on behind the mountain ranges that cut off the Abyssinian plateau from the outside world is being closely watched by Italy, two of whose colonies, Eritrea and Italian Somaliland, border on the realm of the King of Kings. Late in June the *Stampa* (Rome) reported that Abyssinia was energetically reorganizing its army and establishing supply and munitions depots, especially along the Somali frontier. The Abyssinian Government was accused of devoting almost the whole of its budget to military purposes, to the neglect of much-needed public works and relief. The military reforms, which are apparently being supervised by a Belgian military mission, are in three directions. These are unity of command and a modernized general staff; modern instruction of personnel; detailed plans for rapid mobilization. The last is now virtually complete.

It is not surprising that the Italian press should show concern about this development. Abyssinia is at present landlocked, and if it should become strong enough it might attempt to find an outlet to the sea through Eritrea or Italian Somaliland. Italy, in her drive for trade, has regarded the Abyssinian market as her own, and a strong nationalist policy at Addis Ababa, such as is indicated by the modernization of the army, would hinder commercial development.

The Politics of the Far East

By GROVER CLARK
Lecturer on Far Eastern Affairs, Columbia University

PRESIDENT ROOSEVELT'S failure to comment upon Far Eastern or Pacific naval questions during his recent trip to Hawaii seems to have disappointed two groups of Japanese. One of them hoped for a sign that the United States understood that the Japanese Government would welcome a new gesture of good-will. The other group apparently wanted the President to take a stand that would provide a good excuse for dragging out once more the old bogy of the United States as the terror and bully of the Pacific against whom Japan must arm herself to the teeth. President Roosevelt, by confining his remarks to pleasant generalities and conventional statements about an adequate navy neither fed the fires of Japanese jingoism nor gave the Japanese authorities ground for believing that the United States was reconciled to the state of affairs in Manchukuo.

The President by his silence showed that he intends to maintain the present courteous but distinctly cool attitude toward Japan overtures. Courtesy had required that something be said on the eightieth anniversary of the signing of the first treaty between Japan and the United States, but Secretary Hull's note on that occasion was a model of non-committal vagueness, though the Japanese authorities frequently refer to the exchange of notes as the foundation of the present American-Japanese relations.

All the intimations that Japan would like to discuss naval questions separately with the United States have been ignored or specifically rejected, and it is clear that Washington does not favor Japan's demand for naval equality with the United States and Great Britain. A hint that the Tokyo Government would be glad to enter into a bilateral non-aggression pact was met with the polite reply that the United States considered the Kellogg pact entirely adequate for any such purposes. A rumor that the Japanese Ambassador had suggested the division of the Pacific into an eastern and western "zone," in which American and Japanese interests, respectively, would be paramount, was promptly met with reports from Washington to the effect that the United States is completely uninterested in any such proposal. Nothing has come from Washington to indicate that there is to be any veering away from the Stimson doctrine, which was reaffirmed soon after Mr. Roosevelt's inauguration, or that the American Government is thinking for a moment of recognizing Manchukuo.

Altogether, when Ambassador Saito returned to Japan in July he could report very little progress toward persuading the American Government to forgive and forget what Japan had done in Manchuria. The silences as well as the statements and acts of the Washington administration continue to show that while President Roosevelt and his associates will do nothing positive to antagonize Japan, they will not condone Japan's breach of

her international pledges by dealing with the Japanese Government as though the pledges had not been broken.

Nor have the Japanese Navy leaders made progress toward persuading the United States and Great Britain that Japan needs a navy equal to theirs. As things now stand, the preliminary discussion, in preparation for the 1935 conference, has been ended until October. Japan had been invited to take part in the preparatory meeting held in London in June. After talks with the British Foreign Secretary and the American representative, the Japanese Ambassador in London officially accepted the invitation. But no spokesman for Japan left Tokyo. Tokyo reports had it that Japan could not send any one because she had not had time to prepare for the talks. Actually, the navy leaders in Japan were demanding that Great Britain and the United States agree in advance that the ratio system should be abolished and that no political questions should be considered at the 1935 conference or in any of the preliminary talks. They also insisted that Japan should have naval equality with the two other powers. Neither Washington nor London would even consider giving such a pledge.

Then came the upset of the Saito Cabinet. The delegates at the preliminary meeting in London waited to see what the attitude of the new Japanese Government under Admiral Okada would be. On July 14 the "big five" of the Okada Ministry (the Premier and the Ministers of the Army, Navy, Foreign Affairs and Finance) met to determine their policy, and the Minister of the Navy announced that he would strive for the principle of equality of armaments and the abolition of the ratio system. Further discussions at this and later meetings showed that the change of Cabinet had as yet brought no change of policy.

On July 16, therefore, the British Foreign Office announced that Anglo-Japanese naval discussions would be discontinued. This was the signal for ending the preliminary conference between the British and the Americans, since these Anglo-American talks had gone as far as they profitably could without Japanese participation. Japan's studied indifference and inaction left no hope that she would take part in the near future. So the Anglo-American talks were stopped, and the Americans prepared to go home. Meanwhile, Japan had suggested that she would be ready to talk in October, when it has been decided to hold another preliminary conference. It has not been agreed to exclude political questions from that or the 1935 discussions.

When that gathering meets there is a possibility that the Japanese attitude will be somewhat less recalcitrant than it has been, to judge from the remarks of Premier Okada in an interview with the foreign press on July 31. The Premier then read a platitudinous statement which reiterated Japan's desire for friendly international relations, her satisfaction over the progress of Manchukuo, her deep concern over conditions in China and her desire to trade peacefully. But nothing was said about naval matters. In reply to questions, however, the Premier remarked that naval equality did not necessarily mean parity, and that Japan dislikes the ratio system because it "hurts the self-respect of nations." Japan does not expect to obtain parity in the sense of a navy physically as large as that of the United States or of Great Britain, but merely equality in the sense of adequacy to national needs. The Premier

concluded by stressing the need for naval reduction "to ease the burden of the world's peoples," and said that "this naval limitation must begin with the nations most powerfully armed."

This, of course, leaves open the question of the relative naval needs of Great Britain, the United States and Japan. But Premier Okada's statement at least indicates a partial withdrawal from the uncompromising insistence of the Japanese Navy men that Japan should reject any limitation on her freedom to build a navy second to none.

Whether Admiral Okada's government can maintain such an attitude in the face of naval opposition remains to be seen. The Cabinet which he selected on July 8 is just as much a "national government" as its predecessor, but it is faced with the avowed opposition of Kisaburo Suzuki, the president of the Seiyukai, the principal party in the Diet, who thought he should have been named Premier. Four of the Ministers were retained: Koki Hirota at the Foreign Office, General Senjuro Hayashi as Minister of War, Admiral Mineo Osumi as Minister of the Navy, and Fumio Goto as Minister of Home Affairs. The new Finance Minister, Sadanobu Fujii, is a protégé of his aged predecessor in this post and is expected to continue his policies. The Premier, these four men, and the new Minister of Justice, are all "non-party" men. The Ministers of Communications, Railways and Agriculture are new men and belong to the Seiyukai. The Ministers of Commerce and Education, also new, are members of the Minseito, the second most important political party.

On the whole, the new Cabinet seems to have been accepted in Japan not with enthusiasm but as a reasonably good stop-gap. The Seiyukai chief ordered that no member of his party accept a Cabinet post, but the three who disobeyed this order have a considerable following in the party. This split in the ranks of the principal group in the Diet has led to talk of dissolution and a new election next Winter, if Premier Okada can hold on that long.

JAPANESE FOREIGN TRADE

Economically, Japan is both prospering and suffering. The money value of her exports continues to grow, but her imports remain substantially larger than her exports. The industries and the industrial workers in the cities are doing fairly well, but the farmers are having a desperate time.

For the first five months of 1934 (the latest figures available) Japan's exports totaled 820,000,000 yen (the yen is currently about 30 cents). This was an increase of 152,000,000 yen, or 22.8 per cent, over the same period in 1933. The exports of cotton, silk and rayon textiles and knitted goods, however, increased from 219,000,000 yen to 281,000,000 yen, or 28.3 per cent, while those of raw silk decreased from 128,000,000 to 121,000,000 yen, or 5.7 per cent. The textile exports reflect improvement in the most important of Japan's industries; the raw silk record gives one side of the increasingly dark picture of the farmers—who make up 60 per cent of the people.

Silk cocoon prices have been definitely below the cost of production all through the Spring. This is a very serious matter for the farmers, since cocoons are their principal money crop. Rice prices have been rising. This would be to the advantage of the farmers if a considerable proportion of them had been able to hold on to their crops last Autumn. Most of them, however, had to sell promptly for what they could get in order to meet immediate cash obligations on

mortgages and other debts. They have been compelled, since then, to buy on a rising market, and to borrow a good share of the money with which to buy their food.

The change in the proportions of Japan's exports going to various parts of the world is interesting. In the first four months of 1933, 52.5 per cent went to the Far East and India, 23.3 per cent to the United States, 9.5 per cent to Europe, 5.5 per cent to Africa and 2.1 per cent to Central and South America. During the same four months in 1934 the Far East and India took 48.3 per cent, the United States 20.6 per cent, Europe 11.9 per cent, Africa 9.1 per cent and Central and South America 3.3 per cent.

The value of exports to all these regions increased, but the decrease in the proportions going to the Far East and India and the United States, coupled with the increased percentage for Europe, Africa and Central and South America, indicates a spreading out into new markets. No clear-cut effects have yet appeared of the move by the British Government to reduce the imports of Japanese goods into British-controlled areas, though it is somewhat early to expect the trade figures to show how effective that British move will be.

In a number of regions new limitations on Japanese imports are being applied or discussed. The Japanese cotton weavers, for example, are grumbling over the check on their exports to India as a result of the Anglo-Japanese agreement reached in May. These and other Japanese exporters also are worried over their prospects of trade in the Dutch East Indies. The Dutch authorities have issued tentative regulations for an import license system. If applied, this system, according to Japanese reports, would cut Japanese exports to the Dutch East Indies from the 1933 figure of 150,000,000 yen to 20,000,000 or 30,000,000 yen. Negotiations for a new trade agreement between Japan and the Dutch East Indies started on June 5.

The Straits Settlements Government has enacted a permissive import system, to which the Japanese Government has objected on the ground that it violates the most-favored-nation treaty provision. On June 5 the Jamaican Government applied import quotas to Japanese goods. Trinidad has taken a similar step and pointed out that the amounts already imported practically equal the full quotas for the year. Brazil continues to keep in force the regulations as to purchasing foreign exchange which have begun to handicap the financing of Japanese sales in that country. Reports from the Pacific Coast ports of the United States indicate that the new American tariff and excise regulations are beginning to reduce the imports of canned sea foods, matches and other goods (except silk) from Japan.

Altogether, while the Japanese industrialists and exporters are pleased by the results of last year and this Spring, they are distinctly disturbed by more recent developments, which indicate that increasingly effective barriers against the entrance of Japanese goods are being raised around many of the important markets.

A LULL IN CHINA

Political conditions in China have remained practically unchanged. A Chinese Army re-established nominal Chinese authority in Sinkiang (Chinese Turkestan) by expelling, about the middle of July, the last of the Mohammedan leaders who have been heading a series of independent governments in that far northwestern re-

gion. After seven months of search a baby has been located with the appropriate markings to indicate that he is the reincarnation of the deceased Dalai Lama of Tibet, so that the quarrels between the parties supporting the Dalai and the Panchen Lamas can break out anew. Canton continues to keep the peace with Nanking. The "Communist" and Nanking armies continue to play hide and seek in the Central Yangtse Provinces. Rumors that North China war lords may declare their independence of Nanking, with Japan's blessing and encouragement, still keep the people in that part of the country in a state of nervous uncertainty.

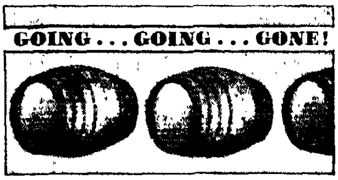
With the coming of Summer, floods, drought, heat and plague have been taking unusually heavy tolls. Persistent rains in North Manchuria during the first part of July brought serious floods in the Nonni and Sungari Rivers. One estimate was that 40 per cent of the cultivated land in North Manchuria was under water. The reports agree that conditions are worse than those caused by the disastrous flood of 1932. Banditry has broken out with renewed vigor in this area and, for the first time, White Russians have carried out bandit raids of their own. Bubonic plague is spreading.

Reports from several points in the southern part of the Yellow River plain in North China tell of prolonged drought and excessive heat, with consequent failure of crops. Shanghai and other points in the lower Yangtse Valley report record-breaking drought and heat, accompanied by a sharp rise in the prices of rice and other foodstuffs in the cities. The food shortage which causes these rises is due in good part to the drying up of the canals which form the principal highways during this period. The boats carrying rice and other supplies cannot move. Cholera and bubonic plague have taken on epidemic proportions in this region.

RUSSIA IN THE FAR EAST

Another deadlock has been reached in the negotiations for Russia's sale of the Chinese Eastern Railway to Manchukuo. After this latest hitch Foreign Minister Hirota of Japan, who had agreed to act as intermediary, declared that he was through with the business. He made an offer which, he said, was Manchukuo's last bid. The Soviet Ambassador in Tokyo said that Russia might cut her price a little, but that the amount offered was too low. Hirota replied that this reply was a rejection of the final offer which he had made on Manchukuo's behalf, so that further negotiations would be useless. There the matter rests, officially. (The bid and asked prices were not reported.) This new deadlock is being interpreted in Japan as a serious setback to the Foreign Minister's efforts to prove that progress could be made by friendly negotiations. Meanwhile Russia is going ahead with large-scale accumulation of food and other supplies for her troops in Eastern Siberia.

Off in remote Mongolia the Soviet Government took advantage of the tenth anniversary of the independence of the Mongolian Republic to make a magniloquent gesture of good-will. This anniversary was celebrated on July 10-12. Soviet Russia was represented by one of the most important men in the Foreign Service, Leo M. Karakhan. Without much doubt, the Soviet Government in sending so prominent a person to share in this anniversary fête intended to strengthen the ties with Outer Mongolia in preparation for possible difficulties there with Japan.



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